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WORLD NEWS

Seven charged over IRA funeral deaths

Seven men appeared in court in Belfast yesterday in connection with the killing of two British corporals at an IRA funeral in Andersonstown, West Belfast, last month. They face charges ranging from grievous bodily harm and causing an affray to false imprisonment.

Sinn Fein official Terence Clarke was one of the accused. The seven were among 13 men arrested under the Prevention of Terrorism Act in the west of the city on Thursday.

Hostages release 'likely'

Expectations that three French hostages in Lebanon would be released by their pro-Iranian captors grew as four French negotiators and a Syrian mediator arrived in the city.

New Caledonia flare-up

Kanak separatists demanding independence in French-ruled New Caledonia killed at least three gendarmes and took 26 others hostage. Page 2

Two Palestinians killed

Israeli soldiers shot dead two Palestinians in the occupied territories. In Jerusalem more than 15 Palestinians and five policemen were injured in clashes at the start of "eight days of anger" marking the assassination of PLO leader Abu Jihad. Page 3

Roche drug allegation

More than 1,000 babies have been born severely deformed because their mothers used an anti-acne drug made by Hoffmann-La Roche of Switzerland, US scientists said. Back Page

Sikhs kill 19 in Punjab

Sikh terrorists fighting for the creation of an independent country called Khalistan killed 19 people in Punjab. Weekend, Page I

Kremlin chiefs' rift denied

Soviet Foreign Minister Eduard Shevardnadze denied reports of a clash between Kremlin chief Mikhail Gorbachev and his number two Yegor Ligachev. Page 2

Botha to consult whites

President P.W. Botha said white South African voters would be consulted before a decision was taken to give blacks a voice in electing the president. Page 2

Navy cancels Danish trip

Britain cancelled naval visits to Denmark before the country's May 10 election, called over the issue of tightening a ban on visits by nuclear-armed ships. Page 3

Terrorist funds curb

Home Secretary Douglas Hurd promised new laws to restrict the supply of cash to international terrorists. Page 4

Tube crime clampdown

London Transport launched a £3.5m scheme to fight rising crime on the Underground.

£5-a-day London drive

London's Planning Advisory Committee suggested motorists could be charged £5 a day to drive into the city centre.

Name droppers

Officials removed the name of late Kremlin leader Leonid Brezhnev from the main square in Alma-Ata, capital of the Soviet republic of Kazakhstan.

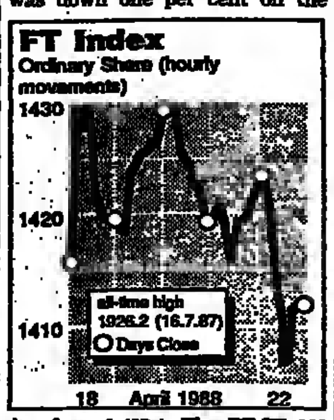
BUSINESS SUMMARY

Pearson deal for Les Echos approved

PEARSON, UK publishing, banking and oil services group which owns the Financial Times, has won approval from the French Government for its modified £88m cash-and-shares purchase of Les Echos, French financial daily newspaper. Back Page

FT Ordinary Share Index closed 4.1 down on the week at 1,415.7 bringing to an end a disappointing two-week trading account. It was down one per cent on the day from 1,423.4. The FT-SE 100 fell 20.8 on the day to close at 1,771.6, losing slightly more than the gains of the past fortnight. Market report, Page 12; Lex, Back Page

FT Index
Ordinary Share (hourly movements)



UK consumer spending grew at a rate of more than 6 per cent a year in the first three months of 1988, the Central Statistical Office said. Back Page

MICHELIN, French tyre producer, reported that the strength of the new car market helped to increase net profits by 39 per cent to FFr2.65bn (£247m). Page 10

TEXAS INSTRUMENTS, US electronics, computer and defence group, reported first-quarter profits down from $86.2m (£46m) to $78.6m despite net sales rising to $1.47bn from $1.28bn. Page 10

MARKS and Spencer, UK retailer, is to pay less for Brooks Brothers, US-based menswear retailer, in return for a change to the financing arrangements. Page 3

UGC, Cowley-based former Unipart division of Austin Rover, is expected to spend £80m-£90m on a national network of motor parts, accessories and service centres. Page 4

SLOUGH ESTATES, Britain's largest industrial property company, is to raise £150m with a convertible Eurobonds rights issue, only the second such issue by a UK company. Page 8

MEXICO sold its 90 per cent state holding in the copper producing operations of Compania Minera de Cananea to Monterrey-based Grupo Protexa in a $910m (£481m) debt-equity deal. Page 2

JAPAN is facing increasing inflationary pressure because of rapid economic expansion and easy financial conditions, the Bank of Japan said.

LOWNDES LAMBERT, London insurance brokers with flamboyant Richard "Rocky" Shaw as chief executive, is the subject of a management buyout from Hill Samuel, now part of TSB Group. Back Page

JAMES Neill Holdings, UK's largest hand and garden tools manufacturer, announced a 68 per cent increase in pre-tax profits to £7.61m helped by a £1m drop in interest charges and a £1.56m exceptional item. Page 8

C.V. CARPETS, part of UK textile group Coats Viyella, is to spend £13.5m on equipment at its Northern Ireland Donaghadee plant and create 120 jobs. Page 5

MARKETS

DOLLAR
New York lunchtime:
DM 1.6728
FFr 5.6785
SFr 1.383
Y124.70
London:
DM 1.6715 (1.6635)
FFr 5.675 (5.650)
SFr 1.3825 (1.375)
Y124.65 (124.15)
Dollar index 92.5 (92.2)
Tokyo close Y124.65

US LUNCHTIME RATES
Fed Funds 6¾%
3-month Treasury Bills:
yield: 5.97%
Long Bond: 98⅝
yield: 8.99%

GOLD
New York: Comex June latest $452.9
London: $449.25 (455.25)

STERLING
New York lunchtime $1.889
London: $1.890 (1.8985)
DM 3.160 (3.1575)
FFr 10.725 (10.7275)
SFr 2.1625 (2.610)
Y235.50 (235.75)
Sterling index 78.7 (78.8)

LONDON MONEY
3-month interbank:
closing rate 8⅝ (8¼)

NORTH SEA OIL
Brent 15-day May (Argus)
$17.180 (17.125)

STOCK INDICES
FT Ord 1,411.6 (−11.8)
FT-A All Share 914.55 (−1.0%)
FT-SE 100 1,771.6 (−20.8)
FT-A long gilt yield index:
High coupon: 9.23 (9.12)
New York lunchtime:
DJ Ind Av 2,001.16 (+13.76)
Tokyo:
Nikkei 26,887.12 (+8.96)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.30; Greece Dr120; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $1.125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philippines Pes20; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L600; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

OFT renews scrutiny of trading practices at Stock Exchange

BY CLIVE WOLMAN

SIR GORDON BORRIE, director-general of fair trading, yesterday renewed his offensive against possible Stock Exchange restrictive practices.

The Office of Fair Trading is carrying out a detailed investigation into whether the Stock Exchange is unfairly exploiting its monopoly control over information about the share prices quoted by market makers and in company announcements.

Sir Gordon initiated the court action against the Stock Exchange which led to the 1986 Big Bang reforms of the financial markets.

The conditions and price at which other information vendors such as Reuters and Telerate are allowed to use and disseminate the Stock Exchange's share price information have frequently caused friction over the past two years.

The Office of Fair Trading said yesterday that Sir Gordon was considering whether to intensify the OFT's investigation into the issue or to refer it to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act.

The criticisms of the exchange are contained in an OFT report published yesterday and sent by Sir Gordon to Lord Young, Trade and Industry Secretary, under the provisions of the Financial Services Act.

The report, based on an incomplete investigation by the OFT backed by Arthur Young, the management consultancy firm, examines whether the exchange's rules will have significant anti-competitive effects under the new investor-protection regime, most of which is due to come into force next Friday. It concludes that at present the rules will have no such effect, but doubts remain over three issues which Sir Gordon is to keep under review.

The most important is what the report calls the exchange's "dual role, first, as a regulator through which it gains privileged access to market-makers' prices, company announcements etc, and, second, as a commercial seller of this information, where it should compete on equal terms with other businesses."

The OFT received representations from Reuters and Pont Data Company, the US information vendor, which claimed that the exchange was charging excessive fees, compared with overseas exchanges, to information vendors. It also imposes unreasonable restrictions on the way that they can present and disseminate the information from the exchange, the vendors claim.

Sir Gordon says he was frustrated in his attempts to establish whether the exchange was over-charging for its company announcement and share price information.

"The arrangements within the exchange for cost allocation and for pricing different functions are not clear. This lack of transparency may mask an anti-competitive situation," Sir Gordon says.

He concludes that he is unclear whether the exchange's arrangements ensure that stock market information is made available as fairly, widely and cheaply as possible, particularly as the system has been developing rapidly and continues to do so.

"I attach great importance to the rapid development of a system which clarifies the distinction between the Stock Exchange's role as a regulator and as an information vendor and which seeks to ensure that its technical and charging arrangements do not offer an advantage to its own commercial vending service to the disadvantage of competing businesses," Sir Gordon says.

The second issue is the extent to which the Third Market, which was set up 15 months ago, is allowing small companies to raise money cheaply and is an effective alternative to the less formal over-the-counter markets. Sir Gordon notes that a high rate of applications for quotations on the market are rejected, partly as a result, he suggests, of the conservatism of potential sponsors and market-makers.

"There is a delicate balance to be achieved between investor protection and flexibility in raising capital. I am not convinced that the right balance has been achieved," he says.

By contrast, Sir Gordon is surprisingly brief in dealing with the third issue – the privileges afforded to market-makers, which has caused the greatest controversy among Stock Exchange member firms.

Since the October stock market crash, non-market making firms have claimed that supposedly competing market makers have been operating a tacit price cartel

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Lex, Back Page

Japan says US trade bill is racist and protectionist

BY CARLA RAPOPORT IN TOKYO

JAPANESE government leaders yesterday attacked the US House of Representatives' approval of the trade bill as arrogant, protectionist and anti-Japanese.

Mr Hajime Tamura, Minister of International Trade and Industry, doubted that trade problems were the only motivation behind the bill. "Isn't there anti-Japanese and racial discrimination sentiments behind their move?" he asked.

The controversial bill, which President Reagan has threatened to veto, was passed overwhelmingly by the House of Representatives on Thursday evening. It will be debated by the US Senate which is expected to vote on the measure early next week.

The Japanese are particularly outraged by the sanctions against Toshiba Machine and its parent, Toshiba Corporation, as punishment for Toshiba Machine's violation of CoCom technology export regulations last year. Mr Tamura said using US law to punish foreign companies amounted to arrogance.

Mr Soshuke Uno, Japan's Foreign Minister, said the matter was "highly regrettable," and Mr Keizo Obushi, chief cabinet secretary and chief government spokesman, told a news conference that the bill, if it became law, could seriously damage US-Japan relations, as well as the world economy.

Japan intended to inform the US of its strong apprehension about the bill and would continue efforts to prevent its enactment, he said.

The Japanese are also unhappy about the provision for tougher US retaliation against unfair trade practices under section 301 of the US trade act of 1984. Another provision, requiring employers to give 60 days' notice before plant closures, is also of concern.

Japanese business leaders joined the expressions of regret over the House action. Toshiba's president, Mr Joichi Aoi, said: "We profoundly regret that the many points we have raised have been totally disregarded (by the Americans)."

Two executives of Toshiba Machine, tried in Japan, were given suspended jail sentences, and their company was fined Y2m (£8,500) for selling sophisticated equipment to the Soviet Union in violation of Cocom regulations.

Toshiba, which could lose about $50m in sales to the US, believes US law should not be used to punish CoCom violators outside the US.

The European Commission said yesterday the bill gave the Administration too much discretion in deciding when trade agreements had been broken, but acknowledged that some tough provisions had been diluted.

US 'vexed' at Tokyo stance on SE, Page 10

Voting to le sound of music

BY GEORGE GRAHAM IN PARIS

IT SHOULD have been the final European gesture in a campaign laced with rhetoric about the Europe of tomorrow – the English rock star Sting topping the bill at the final political meeting of President François Mitterrand before voting begins on Sunday in the French presidential election.

The former lead singer of the band Police dropped out, but President Mitterrand is still making a strong home run in the musical contest that has been waged around the election.

The line-up at last night's meeting at Le Bourget, on the outskirts of Paris, included an array of home-grown talent from the rock singer Catherine Lara to Carte de Sejour, a group of young Beurs – first generation French citizens born of north African immigrant parents.

In a campaign where image or "le look" has become more important than policy content, "le sound" has ended up taking a major role. Only Ms Arlette Laguiller, the austere representative of the Workers' Struggle movement, has totally eschewed music in her campaign.

On this level at least, President Mitterrand has achieved quite a coup for a candidate attacked by his right-wing rivals for being too old. He not only won the backing of the pick of the younger generation of French singers as well as of Barbara, the pasionaria of every leftish schoolteacher in France, but managed to secure the support of one of the rare singing stars who makes him look like a stripling.

Charles Trenet, the evergreen crooner whose songs such as Je Chante or La Mer are known by heart by every self-respecting Frenchman or woman, has been singing his heart out at President Mitterrand's meetings. At 74 he tops the president by three years.

Best of all, one of Charles Trenet's biggest hits, Douce France, was taken up last year by Carte de Sejour and scored a resounding success. Their version provoked apoplexy in the racist far right led by Mr Jean-Marie Le Pen, whom President Mitterrand has made one of his main targets.

It was Mr Jacques Chirac, the Prime Minister and Presi-

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Strategic nuclear weapon talks end in stalemate

BY QUENTIN PEEL IN MOSCOW

THE SOVIET UNION and the US yesterday failed to break the stalemate in their negotiations for a 50 per cent cut in strategic nuclear weapons, although they claimed to have made clear progress on limiting nuclear tests and towards a ban on chemical weapons.

Mr George Shultz, the US Secretary of State, met Mr Eduard Shevardnadze, his Soviet counterpart, for nine hours of talks in Moscow.

He later spend three hours with Mr Mikhail Gorbachev, the Soviet Communist Party leader, to plan next month's Moscow summit meeting with President Reagan.

Mr Shultz and Mr Shevardnadze agreed to meet again in May in a last urgent effort to break the deadlock, or at least reach agreement on enough issues to make the summit what Mr Shultz called "one which has genuine substance to it."

Both sides confessed that the going was tough although businesslike, and that the prospects of reaching agreement on a strategic arms reduction in the next five weeks were increasingly remote.

They singled out instead progress towards a long outstanding deal to limit nuclear tests and towards a chemical weapons ban, as well as an agreement to instil new urgency into the European Conference on Security and Co-operation in Vienna.

Mr Shultz said there were also useful talks on human rights, with discussion of Soviet psychiatric practices.

"We are still very much in the hard pick-and-shovel phase," he said, "particularly in the nuclear-space talks."

Mr Shevardnadze singled out five key problems still to be resolved:

- Non-withdrawal from the anti ballistic missile treaty.
- Control of sea-launched cruise missiles.
- Control of air-launched missiles.
- Control of mobile inter-continental ballistic missiles.
- Overall inspection and verification of the weapon cuts.

"We have yet to find the key to the problems, but it has become a lot clearer to us what kind of key it should be," he said.

Mr Shultz agreed that the Soviet side had put forward "very extensive proposals" for verification of cuts in sea-launched missiles. "It is our view that they would not ensure verification, but they would hamstring the operations of our navy," he added.

The two sides apparently failed to make significant progress on regional issues, including the conflicts in the Middle East, although there was some rapprochement.

Mr Shultz is now spending two days sightseeing in the Ukraine and Soviet Georgia before flying to Brussels to brief the Nato allies on the latest talks.

Commission to intensify European air competition

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE EUROPEAN Commission yesterday moved further towards injecting more competition into European air transport.

It revealed conditions it will expect airlines to follow in fare agreements and joint ventures such as computer reservation systems.

The commission, in discussions starting in a few weeks, will expect airlines to give their rivals as much freedom as possible and any discrimination that could affect competition will be prohibited.

Hundreds of agreements between airlines will have to be renegotiated, which could be a long and difficult process.

The conditions cover a range of inter-airline arrangements not affected by the December accord when transport ministers, after months of debate, agreed rules for sharing capacity and outlined types of discount fares that airlines could offer.

The rules include the planning and co-ordination of capacity (the number of seats an airline can offer on a route), the sharing of revenues on specific routes, revisions to arrangements for consultations on fares, and rules governing allocation of landing and take-off slots and provision of ground handling services.

A significant element in the commission directive governs links between airlines on computer reservations systems (CRS). Groups of airlines have formed exclusive CRS "clubs," such as Amadeus (including Air France and Lufthansa) and Gali-

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WEEKEND FT

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John Elliott reports from the Punjab, where Sikh militant demands for a separate state are causing concern to Indian Premier Rajiv Gandhi
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FINANCE
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THE ARMADA
Colin Amery at the Spanish Armada exhibition
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HOW TO SPEND IT
...on the noble game of polo
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PROPERTY
What's buying and selling in Docklands
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SURVEY
Personal finance planning
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BONNIE SCOTLAND
Next week, Weekend FT goes to Scotland for an in-depth look at banking, finance, property, leisure and How To Spend It

US ready to resume arms sales to Argentina

By Tim Coone in Buenos Aires

A RENEWAL of US arms sales to Argentina, suspended since a decision on human rights grounds taken by the Carter Administration in 1978, is imminent, following high-level meetings in Buenos Aires and Washington over the past week.

Although the sales are expected to be limited to spare parts rather than major pieces of military equipment such as missiles or aircraft, the renewal of military links takes on a special significance due to the formal state of hostilities which still exists between the UK and Argentina following the 1982 Falklands War.

A meeting of high-level US diplomats has been taking place in Buenos Aires during the past week, including Mr Elliot Abrams, US Under-Secretary of State for Latin America, General (Ret) Vernon Walters, US Ambassador to the UN, and senior ambassadors from various US delegations in Latin America.

Contacts

The gathering forms part of a regular annual meeting of US diplomats on the continent, but has been extended beyond internal policy discussions on this occasion to include contacts with Argentina's President Raul Alfonsin, his Defence Minister, Mr Horacio Jaunarena, and even senior members of the Peronist opposition. Senior Pentagon officials have also been present.

The gathering also coincides with the visit of General Dante Caridi, the Argentine Army Chief of Staff, to Washington and various military units in the US.

Although both the Argentine government and the US embassy have played down the contacts, they have let it be known that the renewal of arms sales to Argentina has formed part of the discussions and that a formal announcement of an agreement may be made over the weekend.

The principal US equipment possessed by Argentina, which has suffered most as a result of the arms embargo, is the fleet of ageing Sherman tanks and infantry carriers (half of which broke down during last January's military insurrection) and some 70 Douglas A-4 Skyhawks which are operated by the Air Force and Navy.

The official US view on renewing spare parts sales is that it will help to settle the armed forces' growing discontent over budget restrictions and the increasing obsolescence of their equipment.

Five feared dead in New Caledonia violence

BY CHRIS SHERWELL IN SYDNEY

VIOLENCE flared in the French South Pacific territory of New Caledonia yesterday as indigenous Melanesian Kanaks demanding independence killed at least three gendarmes and took 26 others hostage.

The incident is the most serious since the country was rocked by racial clashes in 1984 and 1985, and signifies a long-feared escalation in the independence struggle led by the socialist Kanak National Liberation Front (FLNKS).

It comes just as voters in France tomorrow begin electing a new president, and as the FLNKS pursues its *mobilisation musclée* to boycott simultaneous local elections for newly-created regional bodies.

Last night there were fears that the killings would provoke New Caledonia's well-armed loyalist white settlers into retaliation. The resort to violence may also jeopardise the FLNKS's international diplomatic support.

The killings occurred on Ouvea, one of the Loyalty Islands 100 km east of New Caledonia's nickel-rich main island. An estimated 30 Kanaks were said to have ambushed the gendarmes, killing three with axes and knives. Two Kanaks were believed to have been killed and an unknown number injured.

Reinforcements were quickly despatched to help mount a rescue operation for the hostages, and there was speculation that the Kanaks would try to use the situation to force a postponement of the local elections.

France has stationed more than 8,000 troops, gendarmes and police in the territory to keep the peace between the white settlers and black Melanesians.

Of the 150,000 population, some 43 per cent are Melanesian and 37 per cent white. The remainder include Polynesians from the French Pacific islands of Tahiti, Wallis and Futuna and immigrant communities of Vietnamese, Indonesians and Japanese.

Most of these, like the loyalist settlers, would like to see the tie with France retained. The majority of Melanesians back the FLNKS, which has not only campaigned strongly against tomorrow's election but also boycotted last September's referendum on the territory's future.

Earlier this week it became apparent that the FLNKS saw its main hope in provoking a state of emergency through violent incidents, primarily to make French voters aware of their plight but also to hurt Mr Jacques Chirac's chances of beating socialist President François Mitterrand.

Other reports from the capital Noumea yesterday spoke of road blockades and incidents of arson on the main island. In most cases these are believed to have been organised by local committees of the FLNKS.

Last week the French High Commissioner banned a demonstration planned by the FLNKS for the centre of Noumea. FLNKS leaders said then that they thought violence was inevitable.

Mitterrand holds lead as French prepare for polls

BY IAN DAVIDSON IN PARIS

FRANCE goes to the polls tomorrow in the fifth presidential election of the Fifth Republic, with President François Mitterrand still the odds-on favourite to secure a second term at the Elysée Palace.

President Mitterrand is expected to top tomorrow's poll by a comfortable margin, but well short of the 50 per cent-plus required for outright victory. The election will therefore not be settled until a second-round run-off between the two leading candidates, scheduled to be held on May 8.

Of President Mitterrand's two main right-wing rivals, opinion polls have showed Mr Jacques Chirac, leader of the neo-Gaullist RPR party, climbing past Mr Raymond Barre, a former prime minister and standard-bearer of the UDF centre-right grouping. If this is borne out in tomorrow's vote, the run-off will be between Mr Mitterrand and Mr Chirac. But Mr Barre has recently injected more vigour into a previously prosaic campaign, and may have succeeded in recovering some popularity.

The most critical indicators in tomorrow's vote, however, will probably be the scores of President Mitterrand and of Mr Jean-Marie Le Pen, leader of the extreme right-wing National Front party.

President Mitterrand's public opinion poll rating has recently hovered around 36-38 per cent. If his vote tomorrow reaches the top of this range, he will be well placed for the second-round confrontation. If he scores less than 36 per cent, however, the outcome of the second round could become much more uncertain.

Mr Le Pen has played a pivotal and disturbing role in the campaign, embarrassing to the candidates of the traditional right because of his stress on the immigration issue. In the polls he has been scoring 10-12 per cent. A vote at the top of this range or above could pose a deeply embarrassing dilemma for the leading candidate of the traditional right whether to woo or spurn the National Front vote. This would be especially embarrassing if Mr Le Pen appears to have gained ground at the expense of Mr Chirac.

The remaining five candidates are unlikely to get much more than 10-12 per cent of the vote between them.

If Mr Andre Lajoinie, the Communist Party candidate, does no better than the 5-7 per cent which he has been scoring in the polls, he will have confirmed the uninterrupted downward slide in support for the party, from a plateau of 20 per cent-plus in the late 1970s.

UK scraps ships' visit to Denmark

By Hilary Barnes in Copenhagen and David White in London

PLANNED visits to Danish ports by six British naval vessels over the next two weeks have been called off, it was announced by the Prime Minister's Office in Copenhagen yesterday. The decision was made by the "mutual agreement" of the British and Danish governments, diplomats said.

Denmark is in the middle of a campaign for a general election, on May 10, in which the question of visits by foreign naval vessels is a central issue.

The election was called by Prime Minister Poul Schlüter after a left-centre majority in the Folketing passed a resolution requiring the Government to inform visiting warships that Denmark does not accept nuclear weapons on its territories.

This has brought Denmark into conflict with the US and UK policy of neither confirming nor denying their ships carry nuclear weapons.

The decision to cancel the visit is not a direct response to the Folketing resolution.

The Royal Navy yesterday reiterated it would not change its policy of not declaring the presence or otherwise of nuclear weapons aboard its vessels.

British officials stressed the visits were being postponed to avoid embroilment in the election campaign.

Norway maintains a stance similar to Denmark's about nuclear weapons in peacetime, but this has not come into conflict with the policy operated by both the US and the UK.

Mexico sells copper operation

BY WILLIAM ORME IN MEXICO CITY

THE Mexican Government has carried out its biggest privatisation by selling its copper producing operations in Compania Minera de Cananea.

The Government's 90 per cent stake has been bought by the Monterrey-based Grupo Protexa via a big debt-equity deal. This has involved the state investment bank, Nacional Financiera, arranging for Protexa to take $910m worth of public sector foreign debt in return for the Government's equity.

Grupo Protexa, which received financing for the purchase from a foreign bank consortium led by First Chicago, reportedly spent some $450m (£240m) for the loans it bought from other creditors to swap into the finance used to acquire Cananea. This represents more than the combined value of all previous Mexican government sales of state companies. It is also one of the largest single debt conversion arrangements in Latin America.

Cananea is located in the northwestern state of Sonora near the US border. Developed over the past decade, Cananea owns Mexico's largest copper mine with an annual production of 46,000 tonnes, and limited silver and gold output. Nacional Financiera, announcing the deal on Thursday, said Cananea was among the 10 biggest copper producers in the world.

Junk bond financier subpoenaed

By Roderick Oram in New York

MR MICHAEL MILKEN, whose junk bond operation catapulted Drexel Burnham Lambert into the top echelon of Wall Street securities firms, has been subpoenaed to appear before a Congressional subcommittee investigating Drexel's activities.

It will be his first public questioning since Drexel came under intense scrutiny by Congress, the Securities and Exchange Commission and the Justice Department in the wake of the Ivan Boesky trading scandal which broke in late 1986.

Mr Milken, who was subpoenaed because he refused to appear voluntarily before Congress, according to congressional staff, is widely credited on Wall Street with turning junk bonds into a powerful tool for financing takeovers. Operating with a large measure of autonomy from Drexel's Beverly Hills, California, office, he built up close links with the most active corporate raiders, an extensive network of junk bond investors and arbitrageurs such as Mr Boesky.

He will appear on Wednesday before a subcommittee of Representative John Dingell's House Energy and Commerce Committee which began investigating Drexel's activities last autumn. It is believed that Mr Frederick Joseph, Drexel's chief executive, will also be asked to testify on Wednesday or Thursday.

The company has always maintained it has violated no securities laws and has vigorously defended itself. Mr Joseph told a recent junk bond conference in California that Drexel had spent $132m in the past 18 months responding to separate investigations from the SEC, the Justice Department and Congress, according to investors at the meeting.

No charges have been brought against Drexel but the SEC told the firm in January that the agency's staff would be recommending civil charges against it.

Meese's future in doubt despite Reagan support

BY LIONEL BARBER IN WASHINGTON

THE future of Mr Ed Meese, the embattled US Attorney General, remains in doubt following a meeting with President Reagan at the White House.

Mr Reagan summoned Mr Meese after two departing Justice Department officials told the President that Mr Meese's behaviour was hurting the department.

Senior administration officials, including Vice President George Bush, are said to share the view that Mr Meese should step down to protect Mr Bush's campaign for the White House. But Mr Reagan continues to stand by Mr Meese, a friend for the past 20 years.

Details of Wednesday's Oval Office meetings - which Mr Bush attended - appeared in the Washington Post yesterday in what appeared to be a calculated leak aimed at undermining Mr Meese, the subject of a criminal inquiry into alleged misconduct in office.

Mr Howard Baker, the White House chief of staff, said yesterday on television that the President expressed his continuing confidence in Mr Meese and said the Justice Department was functioning well.

Such confidence conflicts with the views expressed bluntly by the two Justice Department officials, Mr Arnold Burns, formerly Deputy Attorney General, and Mr William Weld, formerly head of the criminal division.

Mr Weld repeated his view that as an aggressive prosecutor he would seek Mr Meese's indictment. Mr Burns apparently told Mr Reagan that Mr Meese had violated the standards of ethical conduct for executive branch employees.

Mr Bush and other senior Republicans believe that Mr Meese should step down before publication next month of what is expected to be a highly critical report by the special criminal prosecutor, Mr James McKay.

While the report may fall short of recommending indictment, it is expected to detail up to 50 instances of questionable ethical conduct ranging from Mr Meese's financial affairs, his wife's employment, and his relationship with Mr Bob Wallach, indicted for illegal lobbying in relation to the Wedtech corporation, the scandal-racked New York City defence contractor.

Norway to keep oil output curb

By Steven Butler

NORWAY will continue to restrain increases in its oil output as part of an effort to help stabilise oil prices, the Norwegian Government announced yesterday.

The announcement comes in advance of next week's meeting of the Organisation of Petroleum Exporting Countries in Vienna, and is seen as an effort to create a favourable atmosphere for the first formal meeting between Opec and non-Opec oil producers.

Six non-Opec producers, including Mexico, Egypt and China, are expected to offer to restrict their own oil production, or exports, in exchange for a reduction in Opec oil exports. The meetings were agreed after persistent weakness in oil prices this year, although these have since recovered strongly.

Despite the pledge, Norway's oil production is continuing to increase, and the pledge merely limits the speed of the increase to 7½ per cent, less than planned growth for the remainder of 1988. Some analysts believe the restraints have had little practical effect.

Soviet leadership puts on a display of harmony

BY QUENTIN PEEL IN MOSCOW

THE TOP ranks of the Soviet leadership yesterday put on a public display of harmony and unity, as if to give the lie to widespread reports of divisions among them.

Mr Mikhail Gorbachev, the Soviet leader and Communist Party General Secretary, chatted and laughed with Mr Yigor Ligachev, his number two and supposed conservative rival, throughout a ceremony to mark the 118th anniversary of the birth of Vladimir Lenin, father of the Russian Revolution.

The demonstration appeared to scotch rumours that Mr Ligachev had been stripped of some of his key functions as head of Communist Party ideology in the wake of a row about the speed of Mr Gorbachev's economic and political reform programme. The reports also suggested that Mr Gorbachev's deputy had been sent on extended leave.

A government spokesman confirmed yesterday that Mr Ligachev had indeed been on a short holiday – "for a rest" – but denied that changes had been made in any of the major portfolios of the members of the Communist Party Politburo.

The debate within the party has undoubtedly been under way, ever since one of the leading Communist Party newspapers published a full-page article questioning the direction of Mr Gorbachev's *perestroika* reforms. Several reports suggested that Mr Ligachev had himself sanctioned the report.

Yesterday's set-piece speech at the Lenin birthday celebrations was delivered by Mr Georgy Razumovsky, a relatively newly-arrived alternate member of the Politburo, and secretary of the Communist Party Central Committee, who delivered a staunch defence of *perestroika*, and an attack on those who doubted it, clearly in line with Mr Gorbachev's own thinking.

He admitted that economic results had been slow to materialise, and praised those who took initiatives without waiting for instruction from any centralised command structure. He even went so far as to show some sympathy for the growth of the informal groups questioning the traditional party structures.

Throughout the speech Mr Gorbachev and Mr Ligachev were continually chatting, and on several occasions the Soviet leader laughed heartily – although his deputy appeared more restrained.

Iraqi victory at Fao may have been won by stealth

BY ANDREW GOWERS IN BAGHDAD

THERE IS growing evidence that Iraq drove Iranian Revolutionary Guards from its strategic Fao Peninsula this week by means of stealth and cunning, rather than a massive military onslaught, according to Western observers in Baghdad.

Since the complete recapture of the strategic peninsula at Iraq's southern tip on Monday, official Iraqi propaganda has been seeking to make the most of what still rates as the country's biggest military success in an otherwise poor record since its forces were driven from Iranian territory in 1982.

Military officers imply that it was preceded by a heavy "battle of Fao" pitting Iraq's Seventh Army corps and elite Republic Guard against tens of thousands of Iranian soldiers. They claim that almost all the Iranians were either killed or taken prisoner, though some are said to have managed to swim to safety across the Shatt al-Arab waterway.

However, in marked contrast to many previous battles in the seven-year Gulf war, they have refused to give precise figures for casualties or prisoners. Western reporters and diplomats who have inspected the peninsula detected few signs of a big battle in the last week.

They surmise that Iranian forces on Fao had been substantially scaled down in the months preceding the Iraqi attack, as Tehran became complacent about the possibility of an attempt to recover the peninsula and had begun fretting about the costs of maintaining and resupplying a contingent once said to number up to 50,000.

It seems clear that the Iraqis made full use of the advantage of surprise when they moved against the remaining Iranians. The attacks took place on the first day of Ramadan (the Moslem fasting month), when Iran was probably least expecting or prepared for such a move.

It also followed what appears to have been a clever disinformation campaign from Baghdad.

Iraq had led everyone to believe that the considerable forces it had amassed in the south in recent months were geared primarily to cope with a threatened Iranian offensive east of Basra, Iraq's second city.

Lisbon seeks killer of rebel Mozambican

By Diana Smith in Lisbon

THE Portuguese police are seeking clues in the killing of Mr Evo Fernandes, the former Secretary-General of the Mozambican National Resistance, the guerrilla movement opposed to the Frelimo Government in Maputo.

Mr Fernandes, 44, a Portuguese national of Goan origin, disappeared on Sunday night after dining with a Mr Alexandre Chagas, a Portuguese of unclear political connections, in Cascais where Mr Fernandes and his family lived, 30km from Lisbon. His body was found late Thursday with a bullet in the head and three in the chest, dumped near the road to Malveira, near Cascais.

Mr Fernandes was demoted in 1986 for alleged corruption. Of late he was head of the MNR's research section, and reportedly still a strong influence.

He had worked for the police in Beira, Mozambique, when the country was under Portuguese rule. He was a founder of the MNR, formed in the mid-1970s with the assistance of the white minority government of Rhodesia.

Yugoslavia deal on rescheduling

By Stephen Fidler, Euromarkets Correspondent

YUGOSLAVIA has secured agreement with its leading commercial bank creditors on a rescheduling of medium-term bank debt under which the banks will provide $300m (£159m) in new money.

The preliminary agreement, which will be put to all the 450 bank creditors in May, is part of an external financing package the country is putting together with the International Monetary Fund, to tackle an economy troubled by rising inflation and a heavy foreign debt burden.

It has been seeking a rescheduling of much of its $21bn foreign debt, and $1.4bn in new money from various Western creditors, including a $300m standby financing from the IMF.

Botha pledges to consult whites on voting reform

BY ANTHONY ROBINSON IN JOHANNESBURG

PRESIDENT P.W. Botha yesterday promised that the white electorate would be consulted before the decision was taken to give blacks a voice in electing the state president. He also warned South Africa's neo-Nazis that he was contemplating action against them.

His warning came hours after uniformed neo-Nazis placed pigs' heads scored with Nazi insignia outside the doors of the Durban synagogue and the Durban Jewish club on the anniversary of Hitler's 99th birthday and the 40th anniversary of the foundation of Israel. Their action set off widespread condemnation in and outside Parliament and prompted the President to proclaim himself a convinced anti-Nazi.

In his youth Mr Botha, like many other Afrikaners, was sympathetic to the right-wing Ossewa Brandwag, which openly supported Nazi Germany and opposed South Africa's participation in the Second World War on the side of the Allies.

Speaking on the second day of the parliamentary debate on the President's budgetary vote, Mr Botha defended his proposals for giving blacks a greater say in government against strong attacks by the Conservative Party opposition.

Mr Andries Treurnicht, the CP leader, warned that "black power is lying in wait" if the Government maintained its present course. The CP would refuse to accept representatives of what he called other "nations" as co-rulers of the country.

President Botha was also slammed by Mr Colin Eglin, leader of the Progressive Federal Party, who accused him of "once again avoiding the cardinal issue of our politics, the participation of blacks in the sovereign central parliament".

The proposals were attacked by Anglican Archbishop Desmond Tutu during a visit to Britain, who said that they represented "slight adjustments to the evil system".

Clive Cookson looks at the latest techniques aimed at catching air terrorists

Scientists build up profiles of jet hijackers

NOW THAT the hijackers of the Kuwait Airways jet are free to rejoin their terrorist colleagues, international security agencies are building up a detailed profile of the nine, using the latest techniques of voice, video and psychological identification, so as to be better prepared to deal with them next time they strike.

Psychologists such as Dr John Potter of Plymouth Polytechnic and Dr James Thompson of the Middlesex Hospital, who have talked to some of the Kuwait Airways hostages, say that the hijack gang was the best prepared and most efficient in the history of air piracy. "These guys are so well trained and professional, they will crop up again," Dr Potter predicts. He thinks that next time they may try to take over a passenger ship.

Professor Paul Wilkinson, an expert on international terrorism at Aberdeen University, is equally sure that the hijackers will have another go. He believes the Western intelligence agencies have already established the identities of some, though not all of the gang. Knowing who they are will make it easier for Western governments to "keep tabs on them", Prof Wilkinson says. Knowledge of their psychology will be extremely useful for future negotiators.

Much of the detailed identifying information came from video and audio surveillance of the Boeing 747 during the four days it spent at Larnaca, Cyprus. It is understood that advanced military equipment, including secret cameras and highly sensitive directional microphones, was used to observe and listen to the hijackers on the aircraft.

Although most of them kept their faces covered, video recordings show the characteristic gestures, behaviour and posture of individual hijackers, which help to identify them.

Recordings of the hijackers' voices will probably be even more useful. Computer analysis will provide voice prints, known technically as spectrograms, which show how the frequency of the sound varies with time as the individual talks.

Some features of these prints depend on the physiology of the speaker - for example, the distance between lips and vocal cords – and cannot be changed by attempting to disguise one's voice. So if the same individual is involved in a future hijack and a recording of his voice becomes available then, it may be possible to confirm his identity.

However, experts on voice analysis such as Mr Paul Spinks of Edinburgh University's Centre for Speech Technology Research and Mr Nigel Sedgwick of PA Technology's Cambridge laboratory say that the amount of identifying detail which can be extracted from a voice print is very much reduced if there is a lot of background noise on the recording.

Mr Spinks suggests that it might be worthwhile for airlines secretly to wire up their aircraft to give good quality sound recording and transmission in the event of a hijack.

Mr Sedgwick and Mr Spinks also make the point that an experienced human phonetician can derive a surprisingly large amount of information about a speaker by listening to a recording of his voice.

Information from audio and video surveillance of the hijackers is of course being supplemented by debriefing the freed Kuwait Airways hostages. Dr Thompson says that some people managed to remember details about individual hijackers from the first part of the flight from Bangkok, when they were still posing as ordinary passengers and had not yet taken over the jet.

But he warns that, however much the Western authorities may have learned about the hijackers through a combination of surveillance and debriefing, the gang have probably learned even more about the techniques of hijacking.

"What was particularly impressive about the hijackers was the way they handled the negotiations," Dr Thompson says. "But they will be even harder to deal with next time. They themselves are being debriefed and telling their confederates exactly what happened. I see them as having gained a lot more hijacking skills."

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Mosque protest leads to East Jerusalem clash

BY ANDREW WHITLEY IN JERUSALEM

DISTURBANCES erupted in the Old City of Jerusalem yesterday after Friday prayers at the al-Aqsa mosque, Islam's third most holy site. At least 15 Palestinian demonstrators were injured when a police anti-terrorist unit waded in with clubs and fired rubber bullets at the crowd.

In the Gaza Strip, there were violent clashes with troops in Khan Younis and in the large Jebalaya refugee camp, leading to the death of one youth – the 164th fatality since December 8. Another young man was shot in the head and taken to hospital in Israel in critical condition.

The underground leadership of the uprising designated yesterday and today as occasions for mock funerals and increased violence, at the start of an eight-day period of "Palestinian anger. . . and painful attacks against the Zionist entity and the settler thugs". The instructions were contained in a clandestine leaflet, the 14th in a series which continue to appear despite Israeli efforts to close down Arab printing presses.

The al-Aqsa mosque was packed with about 10,000 worshippers – three times the normal number – for the first Friday prayers of the holy month of Ramadan. Residents of the West Bank and Gaza Strip were barred from the city for the third day, restricting attendance to inhabitants of Arab East Jerusalem.

Emerging from the big mosque, in the heart of the walled Old City, an estimated 700 youths carrying portraits of Abu Jihad, the assassinated Palestine Liberation Organisation leader, staged a march around the Moslem sanctuary. Israeli police did not intervene until a breakaway group, several hundred strong began hurling stones at the local police station. Six policemen were injured by the stones, prompting a call for reinforcements from the Yamam anti-terrorist unit.

The battle ended with 32 people, many with broken limbs, arrested. Several of the wounded were taken out of the mosque area on stretchers to hospital, where they were later arrested. In what the army is describing as a conciliatory gesture for Ramadan, which began a week ago, 60 Palestinian children aged under 16 were released yesterday. All were from the West Bank, having been held without charge for up to four weeks.

Peres defends decision to snub UN on Abu Jihad

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL would not be put in the dock of world opinion over the assassination of the Palestine Liberation Organisation's military chief Abu Jihad, the country's Foreign Minister, Mr Shimon Peres, said yesterday.

He was seeking to justify Israel's decision to boycott the UN Security Council meeting called to discuss last Saturday's killing in Tunis. It was the first time Israel has stayed away from a Security Council debate in which it was involved.

In an Israel Radio interview, Mr Peres dismissed foreign press reports that senior Israeli officers aboard a Boeing 707 masterminded the entire operation. Earlier this week, the Government Press Office issued a handout on Abu Jihad which could be read as justification for the Israeli action.

Masquerading as a biography, its only comment on the assassination was the line: "Reports indicate Abu Jihad's family was unharmed." Israel has always made a point of saying it does not go for women and children.

Craxi presses for change in Italian Mideast policy

BY JOHN WYLES IN ROME

MR BETTINO CRAXI and his Italian Socialist Party are pressing for major changes in Italian policy towards the Middle East, including official recognition of the Palestine Liberation Organisation.

At present, Spain and Greece are the only members of the European Community to have given official recognition to the PLO, while successive Italian governments have long sought a common Community position on the question.

But Israel's handling of the uprisings on the West Bank and Gaza and the assassination of Mr Yassir Arafat's deputy, Abu Jihad, have strengthened popular Italian sympathy for the Palestinian cause, which Mr Craxi, the former Italian premier, is now seeking to harness as leader of the second largest party in the Italian Government.

He had brief talks with Mr Giulio Andreotti, the foreign minister, on Thursday evening after meeting a delegation of Arab ambassadors to Rome, together with the PLO representative in Italy. The Socialist foreign affairs spokeswoman, Senator Margaret Boniver, said afterwards that the party wanted the Government to take a "strong step" in recognising Palestinian rights.

Mr Craxi is also believed to have asked Mr Andreotti to send a formal note of protest to the Israeli Government over the assassination of Abu Jihad.

The Italian Socialists are also about in table a resolution in the European Parliament calling for Israeli withdrawal from the occupied territories, official recognition of the PLO, an EC mission to the West Bank and Gaza, and humanitarian aid for the Palestinian population in the two areas.

The Socialist initiative has sparked the first differences in the new Government headed by Mr Ciriaco De Mita, a Christian Democrat. The Republicans, a junior member of the five-party coalition, remain opposed to PLO recognition unless it is balanced by PLO acceptance of the Israeli state.

Gelli's 'revelations' chill hearts of top Italians

BY JOHN WYLES

LICIO GELLI has started to talk, an event which, in prospect, was said to be chilling the hearts of many of the top people in Italy.

After being extradited from Switzerland in February, then released from prison last week, the 69-year-old Grand Master of the P2 masonic lodge has begun to state his public defence against a host of charges ranging from involvement in neo-fascist terrorism to huge bank fraud.

On Thursday evening, Mr Gelli appeared on the main television news programme in assure the nation that he was enraged by accusations of involvement in the bombing of Bologna railway station in 1980 which killed more than 80 people. He had committed no crimes and, in time, would reveal all that he knew about the scandals and outrages with which his name has been associated, he said.

Yesterday, La Repubblica published a full-page interview with the "Venerabile", who confirmed the impression that he is in tip-top form, despite what is alleged to be a serious heart condition.

He skilfully revealed nothing of great substance but by scattering famous names like confetti, may have further lowered the temperatures of other, even more celebrated hearts.

He confided that he had hidden abroad the 500-page testimony of Michele Sindona, the Sicilian banker who died of poisoning in an Italian prison three years ago. He also believed that another of his friends, the late Roberto Calvi, the chairman of Banco Ambrosiano, who masterminded the melting-away of millions of dollars of the bank's funds, had been pushed into suicide.

He himself had not even cashed a cheque with Ambrosiano, said Mr Gelli, let alone taken possession of any of its funds. The millions in his Swiss bank accounts were his own and he had offered in lend Calvi money, thinking that "perhaps Roberto could do with $200m."

He laced the interview with references to people with whom he had taken coffee: Flaminio Piccoli, a past secretary of the Christian Democrat party, who denies ever meeting Mr Gelli; Mr Bettino Craxi, the Socialist party leader, whom he says he met on several occasions, although Mr Craxi claims they had only one encounter.

He further claimed exchanges with the former prime minister, Mr Giulio Andreotti, now Foreign Minister, and says he presented a plan for the "rebirth" of Italy in the 1970s at the request of the then President, Giovanni Leone.

Was he involved in talk of a military coup? Many of his friends had been generals, said Mr Gelli, but "Italian politicians can sleep easy, there will never be a coup in Italy. We don't have any generals, just empty uniforms. Mussolini was right: 'It is not difficult to govern the Italian people, it is useless.'"

Leslie Colitt visits a Soviet republic whose prosperity pre-dates current reforms

Georgians find Gorbachev's crock of gold

RUSSIANS VISITING TBILISI, capital of the Soviet Republic of Georgia, may be excused for believing they have found the pot of gold at the end of Mr Mikhail Gorbachev's economic rainbow.

Strollers along the elegant, tree-shaded Rustaveli Prospekt sport stylish clothing rarely seen in austere Moscow. Food shops display fresh produce and meat and there are no queues for liquor and wine. Even the Universalny Magazin department stores are better stocked than their Moscow counterparts. A commercial tradition still survives in Georgia where shoppers, unlike those in Russia, are not made to queue three times for one purchase.

Tucked between the Black and the Caspian Seas, the Georgian Republic is the Soviet Union's version of Italy. Georgians are fiercely proud of their Mediterranean cultural origins, ancient language and 1,300-year-old Orthodox Christian church.

Blessed by climate, Georgia produces what Russians in the north crave - citrus and other fruits, vegetables and meat - and for which they are prepared to pay dearly in the long, bleak winter months. By rail and via Aeroflot, the Soviet airline, Georgian collective farmers make their way to the peasant markets of Moscow and other northern cities.

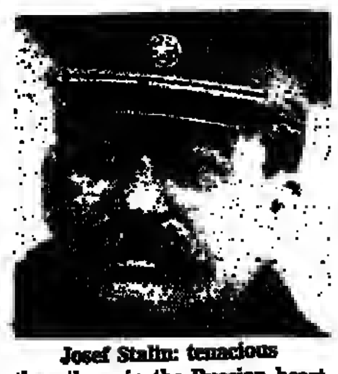
They drag enormous suitcases and boxes filled with produce and meat raised on small household plots. The prices they charge Russians in winter and spring are four to five times those in state food shops where, however, shelves are barren of fresh produce and quality meat.

Enterprising Georgians, their pockets bulging with roubles, scour the cities of Russia to buy late-model used cars for which they are able to pay premium prices. Tbilisi as a result has more cars per capita than most other Soviet cities – and serious air pollution.

Georgia's prosperity pre-dates Mr Gorbachev's economic reforms and in fact was built on plugging gaping holes of scarcity in the centrally planned economy. Georgia is a prime example of a thriving second economy of household plots and skilled artisans amid loss-making collective farms and industry.

While Mr Dzumber Patiashvili, Georgia's Communist Party leader, complains bitterly of agriculture and industry failing to fulfil the plan, all the evidence bespeaks prosperity on a scale matched only in the three Soviet Baltic Republics, with their similar traditions of personal initiative.

Georgians might well make a success of *perestroika* (reconstruction) in much the same way as they have utilised the inefficiency of the command economy it is to replace. Georgian peasants are responding more quickly



Josef Stalin: tenacious

than those in the Russian heartland to collective farm offers to lease land for newly-formed small farm co-operatives.

More than 2,000 production and service sector co-ops have been established in Georgia, with its population of 5.3m, compared with 12,000 co-ops in the rest of the Soviet Union, with 279m people. The number of small-scale private producers in Tbilisi alone has doubled to 7,000 since last year, when a new law guaranteed their existence.

Members of the republic's planning commission, Gosplan, in Tbilisi spoke recently of slashing the number of Georgian ministries and releasing an army of bureaucrats for employment elsewhere. They noted, however, that companies would remain dependent on the ministries until the start of the next Five Year Plan in 1991.

Could the same planners who had calculated output down to the last toothbrush under the old system make the required transition to long-range strategic planning?

Absolutely, one senior Gosplan official replied. There was no need to change officials under *perestroika*, he insisted, as planners merely had to "shift" their objectives.

"We were so tied down to daily planning in the past that we had little time to devote to strategic planning," he went on.

Georgia is noted in the Soviet Union not only for its quaint southern ways but also for being the birthplace of Josef Vissarionovich Dzugashvili, better known as Josef Stalin. Despite a flood of revelations in the Soviet media about Stalin's crimes, ordinary Georgians still revere their native son, whose reign of terror parallelled Moscow's rise to superpower status.

The growing condemnations of Stalin's "excesses" in Moscow forced a "temporary" closure this year of the Stalin Museum in Gori, the town of his birth. The temple-like museum contains a 17-metre-tall statue of Stalin, the only one remaining in the Soviet Union. Mrs Natela Varadze, Georgia's Minister of Education, said last week she was convinced the museum would not be re-opened.

While Stalin would remain a "complicated problem" for older Georgians, young people, she noted, had to be told the truth about his crimes. This was an enormously difficult task throughout the Soviet Union.

There were still no history textbooks which dealt honestly with the Stalin era and teachers had to depend for information on recent disclosures in the Soviet press. Elsewhere in the Soviet Union, she said, a "mistaken belief" still existed that Georgians had prospered under Stalin while other Soviet citizens suffered.

"The best people in Georgian culture were exiled or killed, beginning in the black year of 1937," Mrs Varadze said. Persecutions continued under Lavrenti Beria, another Georgian, who headed Stalin's secret police.

Symbolically, en oil painting of a benign Stalin also hangs in the conference room of the state farm at Manavi in Georgia, where I encountered it tenaciously co-existing opposite a portrait of Mr Gorbachev.

Mr George Shultz, US Secretary of State, visits Tbilisi, capital of Soviet Georgia, tomorrow after talks with the Soviet leadership and a visit to Kiev, Leslie Colitt writes.

Stickers showing crossed Soviet and American flags enjoyed brisk sales ahead of the visit.

Mr Shultz's host, Mr Eduard Shevardnadze, Soviet Foreign Minister, was party secretary in Georgia before being called to Moscow.

Delhi probe rules out bribery in Bofors deal

By John Elliott in New Delhi

A PARLIAMENTARY committee appointed last year by the Indian Government yesterday completed a report which found no evidence of bribes or kickbacks being paid on a $1.4bn (£740m) howitzer gun contract with Bofors of Sweden.

This is the second report in two days to exonerate the government of Mr Rajiv Gandhi from allegations of corruption, and it brought protests from opposition MPs, who also raised specific questions about the alleged role of the European-based Indian trading family of Hindujas.

Eight opposition MPs accused the Government of trying to "hush up illegal payments" allegedly received by the Hindujas on the Bofors contract. Yesterday's report said that money paid by Bofors to Mr Win Chadda, Bofors' Delhi-based agent, was only for his "services", not for bribes.

Leaders of seven opposition parties also complained at the Government's "arbitrary closing" on Thursday of inquiries into alleged bribes on a $400m West German submarine deal.

A report published on Thursday rejected allegations of involvement by the Hindujas, who have denied any involvement in either contract.

UGC may spend £90m on motor centre network

BY JOHN GRIFFITHS

UGC, the privatised former Unipart division of Austin Rover, is expected to spend £80m-£90m on a national network of motor parts and accessories retailing and service centres.

The Cowley-based group has already opened, without any national announcement, five Complete Auto out-of-town sales and service outlets and seven high street retail units under the name "Auto Mate."

UGC last night refused formal comment on the plans, which have partly come to light through its efforts to obtain suitable sites.

The move is seen, however, as consistent with UGC's aims to develop another substantial strand to its motor parts distribution and manufacturing businesses in preparation for an intended stock market flotation.

Awareness of UGC's activities comes less than 24 hours after disclosures that Ford intends to launch e franchised chain of out-of-town parts, accessories and menn servicing sites to challenge established chains such as Halfords, B&Q and the Kwik-Fit Euro organisation.

The Ford and UGC moves are certain to increase competition sharply in an already highly competitive sector – estimated to be worth at least £3.5bn a year in parts alone and £7bn when all aspects of servicing are included.

However, Kwik-Fit and Halfords said they were not worried by Ford's plans, which are part of what Ford claims is a "revolution" in the motor trade.

Mr Tom Farmer, chairman of the Kwik-Fit chain which, with 420 outlets, is easily the largest "fast fit" concern in the UK, said Ford's presence should help improve the image of the trade. He did not see a direct clash as Kwik-Fit's sites were in towns.

Mr Ian Staples, Halfords managing director, said he was delighted. Ford's presence would make the whole concept of "superstore" motor parts retailing and menu servicing "even more acceptable to the consumer."

Austin Rover, second in the market place behind Ford, said it was not convinced about Ford's idea of running superstore chains in parallel with conventional dealers. It preferred to encourage dealers to undertake more parts sales and fast-fit operations at their existing premises.

Health service pay award depletes Treasury reserve

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

ABOUT HALF the Treasury's contingency reserve for unforeseen public spending in the 1988-89 finencial year which began at the beginning of April has been allocated following this week's pay deals for Netional Health Service employees.

Tbe Government said that £750m of the cost of the ewards, which include average rises for nurses of 15.3 per cent, would be met from the £3.5bn reserve.

That follows the announcement last month that local authorities' current spending this year is likely to overshoot its original target by about £1bn, which will also be financed from the reserve.

The remaining £1.75bn in the reserve is expected to be eroded in coming months by the proposed financing package for the Rover Group. The Government plans to inject a net £850m into the group to smooth its sale to British Aerospace and e substantial proportion of the cash will come from the reserve.

The Treasury appears to be taking a fairly relaxed view of the run-down. It was pointed out yesterday that in 1987-88, when the reserve was also set at £3.5bn, actual public spending turned ont to be £2.5bn lower than planned.

BAA to build four hotels

BY DAVID CHURCHILL

BAA, the authority operating Britain's main airports, plans to build at least four new hotels for business travellers close to Heathrow, Gatwick and Stansted.

The move is part of BAA's plans to develop new operations following last year's privatisation. BAA has identified the business hotels as a growth area and is keen to ensure it is well placed to capture a share of the international business travel market.

The company is understood to have received planning permission for two hotels at Heathrow, one of them close to the new Terminal Four. At Gatwick, BAA's hotel is expected to be close to the new North Terminal.

BAA is putting together a specialist management team but was yesterday unable to say how much the hotels would cost.

Hurd plans law to freeze terrorist bank funds

By Peter Riddell, Political Editor

LEGISLATION to make it more difficult for terrorist organisations to raise money and hide it in banks is planned by the Government.

Mr Douglas Hurd, Home Secretary, yesterday told a conference in Oxfordshire, on the rule of law and control of terrorism, that forthcoming legislation would broaden and strengthen the attack on terrorist funding.

Mr Hurd did not specify how this might be done, though he referred to laws against drug trafficking which created an offence of knowingly laundering the funds of drug traffickers. He noted the position in Northern Ireland where legitimate businesses might be taken over and used to generate or launder terrorist funds.

Mr Hurd said Lord Colville, in a recent report on the Prevention of Terrorism Act, had suggested the possibility of applying the drug laws more widely to the campaign against terrorist funding, and, in particular, that existing offences relating to the funding of Northern Ireland terrorism should be extended to international terrorism.

The Home Office is examining the possibility of introducing powers to inspect the bank accounts of suspected terrorists and, if necessary, to freeze them.

Mr Hurd argued that "a relentless attack on terrorist funds has to accompany the pursuit of individual terrorists if we are to prevent the rebuilding of terrorist empires, and avert misery for generations to come."

Britain had, he said, already raised with other EC countries in the anti-terrorism Trevi group the importance of interrupting the funds of terrorists, and would be "urging like-minded nations to take effective action wherever possible."

● The shooting dead of three IRA terrorists in Gibraltar last month was authorised by Mrs Thatcher, the Prime Minister, and a senior civil servant, Mr Tam Dalyell, Labour MP for Linlithgow, alleged in the House of Commons yesterday, writes Tom Lynch.

Mr Dalyell claimed the operation was carried out on the authority of the Prime Minister and Mr Charles Powell, one of her private secretaries, "without the Foreign Office or the Foreign Secretary knowing very much about it at the planning stage."

Mr Richard Luce, the Civil Service Minister, described Mr Dalyell's attack as "unworthy" and argued that ordinary people were more interested in the Government's achievements than "the latest chapter of your campaign to discredit the Prime Minister."

US speeches by Haughey draw angry reaction

By Kieran Cooke and Peter Riddell

THERE was strong reaction yesterday on both sides of the Irish border to a series of speeches in the US by Mr Charles Haughey, the Irish Prime Minister.

Mr Haughey repeated his doubts about the Anglo-Irish agreement, attacked the judicial system in Northern Ireland and said that recent moves on fair employment in the province were inadequate.

Mr Alan Dukes, leader of the opposition Fine Gael Party, said Mr Haughey had again shown an unwillingness to stand by his obligations under the terms of the Anglo-Irish agreement.

Mr Ian Paisley, leader of the Democratic Unionist Party in Northern Ireland, said the government of the republic had no role in the political affairs of Northern Ireland.

At a fundraising New York dinner for his governing Fianna Fail party, Mr Haughey said there must be new political structures in Northern Ireland.

"It is still my view that an all-round constitutional conference summoned by the two governments will ultimately be necessary to provide a lasting solution," said Mr Haughey. In speeches at Harvard and in Boston Mr Haughey said temporary measures and crisis management of events in Northern Ireland were no longer enough.

In London, the British Government did not disguise its irritation with Mr Haughey's speech, but there was no formal response.

Chief of Ulster job agency quits

MR JOHN McALLISTER is to resign as chief executive of the Industrial Development Board for Northern Ireland.

Mr McAllister is understood to have accepted a post with a service organisation in the private sector.

The board has just announced a record total of 5,300 job promotions in the year ended last month.

Mr McAllister became chief executive of Northern Ireland's biggest job promotion agency in 1985, with the rank of permanent secretary.

West Drayton air traffic control centre: will handle up to 1.5m aircraft movements a year by the end of the century

Long haul to avoid more air-misses

Michael Donne reports on growing investment in air traffic control

FEARS aroused by recent reports of dangerous air-misses in the airspace over the UK appear to be spreading to the rest of Europe.

Mr Stanley Clinton Davis, Transport Commissioner for the European Commission, told a Brussels conference this week that the skies of Europe were becoming congested, with their own growing list of air-misses.

He said the Commission would soon issue proposals for EC rules on air safety and air traffic control, together with initiatives on harmonising aircrew qualifications and certificates of aircraft airworthiness.

At the same time, UK air traffic controllers, who have been arguing for improved conditions of work, are expected to submit to a parliamentary inquiry into air safety some stiff comments on what they see as the increasing danger over the UK.

The Civil Aviation Authority recognises public concern in the UK and agrees there have been incidents sufficiently serious for it to call in the Air Accidents Investigation Branch of the Department of Transport.

Recent examples include the near-collision on February 6 between e British Airways TriStar and e Bulgarian TU-154 over Lydd, Kent, now being studied by the AAIB.

The CAA's awareness of public concern was recently reflected in its decision to publish details of air-misses as they occurred, to try and reduce the number of leaked reports reaching the press.

UK skies are governed by the National Air Traffic Services, formed jointly by the CAA, the statutory body responsible for civil air traffic control, and the Ministry of Defence, responsible for military aircraft.

Overall command of NATS alternates between civil and military personnel, the current controller being Mr Keith Mack, a civilian.

The civil and military operations each have their own radars and controllers but work closely together to avoid conflict between civil and military air traffic, especially through the London control centre at West Drayton, near Heathrow, where they have neighbouring operations rooms. However, the vast majority of all aircraft movements are civilian.

Statistics to be issued soon by the independent Joint Air-miss Working Group, which is representative of all sectors of UK civil aviation and which examines every reported air-miss, are expected to show that a trend towards fewer incidents-misses at a time of rising traffic was continued last year.

Earlier publication of such figures – they tend to emerge months after the event – could improve public perception of aviation safety.

The CAA argues, moreover, that the handful of confirmed "risk-bearing" air-misses (12 in 1986 and four in the first four months of 1987) represents only e small proportion of the aircraft movements over the UK every year — there are 3m e year, a figure which is rising rapidly. It also says that while some individual air-misses do contain the seeds of a disaster, most do not.

The figures show how the UK's limited airspace is becoming increasingly congested: aircraft movements at the BAA's seven airports, including Heathrow and Gatwick, the two busiest, totalled 680,000 in the year to the end of March, a rise of 8.6 per cent over 1986-87, with a similar rise likely in 1988-89.

The problem will become more acute in the 1990s, especially as Stansted is developed as the third airport for London and the City of London Stolport expands. To meet it, the CAA, through NATS, is launching a twin-pronged attack.

First, it is spending more on updating and expanding the air traffic control system. A further £600m is to be spent between now and the year 2000 on modern equipment, in addition to the £125m spent in the five years between 1982 and 1987.

Secondly, it is restructuring the air traffic control system itself, introducing a "conflict alert" system in time for summer 1989, and devising a "central control function" – a system of "tunnels in the sky" through the most congested part of the country.

Conflict alert is e method by which air traffic controllers can be notified automatically to the possibility of e collision between two aircraft.

The software for this is being developed and will be introduced initially for aircraft flying at over 25,000 feet. A system for the more congested area below 25,000 is being researched.

The planned central control function, to be introduced in phases from 1990 et a cost of £21m, is an adaptation of the current "airways" system along which aircraft fly but rearranged to create "tubes" of airspace carrying a one-way flow of traffic.

Each "tube" will have an air traffic controller attached to it, who will control the flow of aircraft in one direction along it.

This will avoid much of the congestion arising from existing cross-flows of air traffic and cut the amount of co-ordination needed between controllers. The system is also expected to be less taxing on controllers.

One aim of the plan is to enable jet aircraft to reach their cruising heights as soon as possible and clear the space for descending aircraft.

The central control function scheme is also part of an extensive modernisation and expansion plan designed to ensure that ATC operations can cope with future traffic growth.

Of the £200m to be spent over the next five years, £50m will be spent on the West Drayton centre, already the busiest in Europe. Although near Heathrow, it covers much of the rest of the country and will handle 1m aircraft movements a year by 1990, and up to 1.5m by the end of the century.

Also in the next five years £50m will be spent on radar and £22m on new computers. Substantial sums will be used to improve working conditions for controllers.

Of the £400m investment from 1992, £190m will be spent on building e London air traffic control centre at a site yet to be chosen. This investment programme will also provide for improvements to the Scottish and Oceanic control centre at Prestwick, Ayrshire, which handles all UK and much European transatlantic air traffic.

Advanced high technology micro-weve landing system (MLS) will be introduced in this period. It has been under development for some years and is being tested at some North American and European airports.

It uses an arc of signals to identify approaching aircraft that is 13 times wider and 10 times higher than the single beam used by the existing Instrument Landing Systems (ILS), resulting in many more aircraft at a time being controlled from the ground.

The International Civil Aviation Organisation, the aviation agency of the UN, has been promoting MLS for years and hopes that it will eventually replace ILS. This would be a long and costly programme.

Its introduction in the UK in the mid-1990s, however, will represent a step forward in the battle to keep abreast of increasing air traffic and to improve safety.

Ministers urge wider share ownership

By Peter Riddell, Political Editor

A MINISTERIAL campaign has been launched to promote the further extension of individual share ownership in spite of the stock market crash.

Ministers say that one of the main objectives of the Government'e wider share ownership policy is to encourage first-time shareholders to take a continuing interest in the equity market and to acquire shares in a greater number of companies.

Both Lord Young, Trade and Industry Secretary, and Mr Norman Lamont, Financial Secretary to the Treasury, have argued this week that, as far as the Government can tell, the events in the stock market of last October have had no discernible impact and that small shareholders have proved to be good long-term investors.

These claims are based on a survey of 7,250 adults carried out by NOP Market Research in January and February for the Treasury and the Stock Exchange. The main features of it were announced at the time of last month's Budget.

The survey suggests that about 40 per cent of holders of Personal Equity Plans – which allow tax-free investments – hold no other shares and only a quarter hold shares (outside PEPs) in four or more companies. This goes against the previous supposition that most plan holders would be existing shareholders.

According to the Treasury, PEPs "appear to be making a real contribution to both widening and deepening share ownership," though it warns that the small number of PEP holders interviewed means that the figures should be treated with caution and are subject to a margin of error.

Full details of the survey were published in this week's Treasury Economic Progress Report and Mr Lamont said it provided "further evidence that share ownership is here to stay. It proves what we have been saying all along that the new small shareholders are long-term investors and have not been dissuaded from remaining shareholders by the stock market crash."

The survey also points to no noticeable fall in the number of shareholders in the major privatised companies.

Building society boom continues

BY DAVID LASCELLES

THE RECORD-BREAKING boom in the savings and mortgage market continues unabated.

The Building Societies Association reported yesterday that its members took in £1.06bn in net savings from investors last month. This brings the average monthly receipts over the last six months to just over £1bn, which is double the figure for the previous six months.

Mr Mark Boleat, the association's director general, said yesterday: "There is currently no sign of an end to these very high inflows."

The figures suggest the societies are still benefiting from the flight to safety triggered by last October's market crash, as well as the absence of stock market flotations by the Government.

On the lending side, building societies' advances exceeded £4bn for the first time, up from £3.1bn the month before, and their loan commitments approached £6bn, 43 per cent higher than the previous record set in July 1986.

The association expects the high level of lending to continue for several reasons. Building societies are in the process of lowering their lending rates in response to the drop in UK interest rate levels, and this will stimulate demand, though it will also maintain upward pressure on house prices.

The Budget is having an effect, too. Lower tax levels will give would-be home buyers a greater disposable income. The tax relief deadlines for home improvement loans and joint loans for unmarried couples have also added to the rush.

● Lloyds Bank is to cut the cost of its home loans to 9.7 per cent from May 3, while National and Provincial Building Society is to cut its mortgage rate from 10.25 per cent to 9.75 per cent from May 1 for existing and new borrowers.

Facelift for cheque guarantee cards

BY DAVID LASCELLES, BANKING EDITOR

CLEARING BANKS are to issue a redesigned cheque guarantee card from next September, replacing the present design in use since the late 1960s.

The change is intended to give each bank more room to promote its name on the card and to make cards compatible with the new electronic cashless shopping terminals.

The change was welcomed yesterday by the Retail Consortium, representing Britain's main stores. However, it criticised the banks for sticking with the £50 guarantee limit rather than allowing individual banks to set their own levels.

"The commercial benefit to the retailer, who currently bears the cost of dishonoured cheques over £50, outweighs the convenience of a common ceiling," it said.

Mr Jim Parsons, secretary of the banks' cheque card committee, said they had decided not to increase the guarantee limit because of the increased danger of fraud. Banks already lose £25m a year through abuse of cheque guarantee cards, and they received few complaints about the £50 ceiling.

A campaign is to be launched to promote awareness of the new cards among both shoppers and retailers, using William Shakespeare as its theme. The card will be known as the Bard Card, featuring a picture of the playwright.

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Caterpillar sells part of closed Scottish plant

By James Buxton, Scottish Correspondent

CATERPILLAR, the US tractor maker, has sold part of its plant at Uddingston near Glasgow, which closed in the autumn. A Lanarkshire company is to construct a £9m brickworks in a 170,000 sq ft building which is part of the complex.

This is the first agreement for the sale of part of the complex. A Caterpillar executive said yesterday that the company hoped soon to sell the main 1.2m sq ft building on the site and the adjoining land. It was likely to be sold for division into smaller units, he said.

L.A.W. group, a privately-owned Hamilton-based company which owns Scottish Brick, a leading Scottish brickmaker, has bought the separate building on the site for an undisclosed sum. It expects to employ 60 people in the brickworks and to split the remainder of the building into smaller industrial units which could employ a similar number of people.

Caterpillar said in January last year that it was to close the plant, triggering an occupation of the plant by the workforce which lasted three months. The plant closed in November

Manchester development area will be extended

BY HAZEL DUFFY

AN URBAN development corporation which will cover central and south Manchester is to be 400 acres instead of the 250 originally envisaged.

Mr Nicholas Ridley, Environment Secretary, has accepted a recommendation by Ecotec consultants that the corporation be extended. An order in council is expected to be laid before both Houses of Parliament formally to establish the corporation in about two weeks.

Manchester City Council has not commented on the boundaries. Unofficially, it is unenthusiastic, believing the extension to be unnecessary.

The central Manchester corporation was announced by Mr Ridley in December, along with similar bodies in Bristol and Leeds. Ministers call these "mini" corporations because they cover much smaller areas than the five set up around the country earlier last year. They also have correspondingly smaller budgets – £15m spread over four to five years.

The original boundaries proposed for Manchester included the canal basins and surrounding land to the north of Piccadilly station and the larger area south of the station along the Rochdale canal to Castlefield.

The extended boundaries take in the area around the station, plus one site south of the canal with access to motorways and the airport, which the consultants thought could be made into a science park, and additional land in the Castlefield area where the English Tourist Board is working on developing tourist potential.

Estimates are that environmental improvements to the extended area – deemed necessary to spur private sector investment – can be contained within the original budget.

de Savary division in £50m Bristol inner-city project

BY ANTHONY MORETON

LAND LEISURE is to undertake a £50m development of part of Bristol's run-down inner city in a move that has angered the city's ruling Labour council, which had hoped to attract a Japanese company to the area.

The site, formerly occupied by St Anne's Board Mill, was bought from Mountleigh, the property group, for £13.5m, giving Mountleigh a £6.5m profit on the transaction within six months.

Mountleigh bought the 70-acre site from the Hanson Group last year for £7m.

Hanson had come into possession following its takeover of the Imperial tobacco company. The St Anne's site at one time produced packing materials for Imperial.

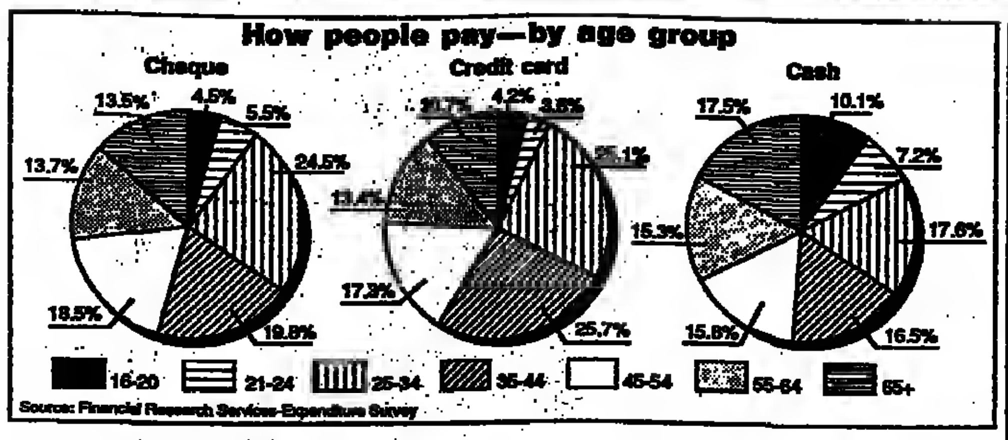
Land Leisure, the development arm of Mr Peter de Savary, the flamboyant entrepreneur, could afford to ignore Bristol council because St Anne's falls within the boundary of the recently launched urban development corporation in the city.

The UDC, like those in London, Liverpool, the West Midlands and elsewhere, has been given super-planning powers by the Government precisely to bypass local authorities and speed the decision-making process.

Mr St John Hartnell, senior partner of Hartnell Taylor Cook, agent for the development, said yesterday it had not been decided what to put on the site but it was hoped to provide a mixture of housing, industrial, commercial and leisure facilities.

The site occupies a long waterfront, about two miles from the riverside developments in the city centre which have proved a great attraction.

It would be ripe for a typical waterside development but existing interests could rule thet out, he said.



Dispelling myths over consumers who prefer cash to credit

Ralph Atkins finds shoppers cautious with store cards and still keen to put money aside

HIGH STREET cash tills may be ringing and the profits of credit card companies soaring, yet the average consumer in the street remains a conservative sort of fellow.

A report by Financial Research Services, part of NOP Market Research, goes some way to dispelling myths about British spending habits: a large proportion of outgoings are put aside as savings, while attitudes towards credit cards are cautious.

New financial products such as retail store cards are used for only a small number of purchases. Cash and cheques account for 85.3 per cent of the total volume of transactions or 80.8 per cent of total outgoings.

FRS's results are based on an analysis of diaries kept for a month by more than 800 individuals. Each transaction involving a payment of more than £5 was monitored according to purpose, recipient and method of payment.

The survey covered not only spending in shops but payments of household bills, insurance, savings and travel or leisure spending.

Using results from three monthly surveys carried out in the last quarter of last year, Financial Research Services built up a picture of the average British consumer. Although not inconsistent with official statistics, the survey paints a different portrait of the average consumer.

Most notable is its calculation of the savings ratio — the amount of personal income that is saved. Financial Research Services found an average of 14.4 per cent of the outgoings of individuals were devoted to savings in the last three months of 1987. This contrasts markedly with official figures, showing a savings ratio of just 4.3 per cent in the last quarter.

The difference is probably due to differences in methods of calculation. The official figures measure savings as what is left out of income after spending has been deducted. The survey, by contrast, looked directly at money going into savings accounts, stocks and shares.

Other official figures show outstanding consumer credit is rising rapidly — reaching a record £23.6bn in February. This upswing is partly reflected in the survey results, which show credit repayments, including repayment of bank loans, accounting for 9.2 per cent of total outgoings.

Yet use of credit cards was modest. Looking at the total voluma of transactions, they accounted for only 3.8 per cent. Cheques and cash, by contrast, accounted for 15.9 per cent and 69.4 per cent respectively. Direct debits and standing orders were used for 8.2 per cent of transactions.

In valua terms, purchases made on credit cards made up 4.4 per cent of total spending. Strikingly, retail store cards, which have often been launched in o blaze of publicity, accounted for just 0.6 per cent of spending.

Split by region, the south-east of England makes greatest use of credit cards, accounting for 7 per cent of income available for spending. At the other extreme in the East Midlands, the comparable figure is 2.5 per cent.

Among different social classes, credit cards were used more widely among As and ABs and less among those dependent on state benefits.

Broken down by age, the survey shows the 35 to 44-year-old age group used credit cards for the largest share of outgoings. Surprisingly, the group using credit cards for the smallest proportion of their total spending were the 21 to 24-year-olds.

Other calculations show credit cards form a larger share of the total of an individual's transactions as incomes rise. Cash accounts for 70.3 per cent of spending by those in households with incomes of less than £4,500 a year: yet among those earning over £25,000, the proportion falls to 13.3 per cent.

Financial Research Surveys. Financial Research Services, Tower House, Southampton St, London, WC2E 7HN.

Six views of spenders

THE cast of characters that makes up the British spending public can be categorised into six classes, says Financial Research Services, a division of NOP Market Research, writes Ralph Atkins.

Its results, based on replies from more than 700 individuals in January, provide a snap-shot of current trends in the consumer sector. The leading players are:

RECKLESS SPENDERS. This spending-orientated group is youthful with a slight down-market bias. Their ownership of credit cards is below average but those who own them use them a lot.

Credit cards are used for 6.3 per cent of transactions by this group while credit repayments, including repaying bank loans, make up 14.6 per cent of the total value of their outgoings.

PENNY WATCHERS. These prefer cash to all those fancy credit cards and cheque books.

Cash payments account for 48.5 per cent of the total value of outgoings while credit cards make up only 3.8 per cent.

Penny Watchers are concentrated more among the middle-aged but there is no class or regional bias.

EXPLORERS. This group shows no fear of credit and owns more financial services products than average — most notably higher interest accounts, credit cards and retail store cards. Explorers use cheques for a larger proportion of their spending than any other group.

Cash makes up only 28.4 per cent of total expenditure — lower than any other category — and they are the biggest users of retail store cards.

FINANCIAL SOPHISTICATES. Here plastic is in, cash is out. This group is very confident in financial dealings and is dominated by up-market 25-44 year olds.

Credit cards are used is 5.9 per cent of all transactions and account for 6.3 per cent of *spending — more than any other group.*

BUDGET PLANNERS. This savings-orientated category is the biggest group in terms of total spending power.

Cash accounts for 53.1 per cent of the total value of Budget Planners' outgoings — higher than any other group. Only 1.4 per cent is put on credit cards.

COMMITTED SAVERS. This group is old and slightly down-market with an aversion to most credit products. In terms of total spending power it is the second biggest group. Cash accounts for 53 per cent of the total value of outgoings.

Ulster carpets company adds 120 jobs

BY OUR BELFAST CORRESPONDENT

C. V. CARPETS, part of Coats Viyella, is creating 120 jobs in a £13.5m project to introduce more modern equipment at its Northern Ireland factory.

The Donaghadee company makes tufted carpets for the British and European markets, producing about 15m square metres a year, worth about £100m at retail prices.

Mr Sander Ferris, managing director, said the introduction of new machinery would increase efficiancy and make the plant one of the most modern in Europe.

The investment will strengthen the company's position in the C.V. Group, which produces a variety of carpets, ranging from lower priced domestic varieties through heavy duty contract and commercial grades to high value Wilton and Axminster carpets.

The project, which is being supported by the Industrial Development Board for Northern Ireland, is the latest in a number of investments by the British textile industry in tha province. Coats Viyella announced a £5m investment to boost production at its children's wear plant in Ballyclare in the autumn. Courtaulds and Lismona have unveiled substantial investment programmes.

The textile industry is one of the largest sources of employment in Northern Ireland, employing more than 27,000 people, over a quarter of the workforce.

TUC attempts to avoid vote on training scheme

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

TUC officials will on Monday attempt to avert a vote among union leaders, which could lead the unions to oppose the Government's planned £1.4bn Employment Training scheme for the adult unemployed, due to be launched in September.

A confidential paper for Monday's joint meeting of the TUC's key Education and Training and Employment Policy, committees, urges the unions to seek a urgent meeting with Mr Norman Fowler, the Employment Secretary, to clarify a number of unresovled issues over how trainees will be paid, the funding of training and whether potential trainees will have to pass an availability-for-work test to enter the programme.

The move by TUC officials to defer a vote follows the decison by the GMB, general union, to oppose union involvement in the scheme, in the event of a straight vote on the issue. TUC official believe the union holds the balance of power on the committees.

However, critics of the scheme are likely to press the committee to vote on whether the scheme should be supported to end months of union indecision over their position on the programme.

The paper acknowledges widespread concern that trainees will not be paid a wage linked to prevailing wage rates in the area, that funding will be inadequate to provide high quality training and with other aspects of the programme.

It argues that unions will only be able to press for improvements to the programme during a review of its progress, due to begin six months after its launch. It would be essential for the unions to be fully represented during this review, it says.

Critics of the TUC's position argue that an effective union boycott of the programme could force the Government to extend the life of the Community Programme, and delay implementation of the new programme to allow funding to be improved.

The paper also argues that there will be considerable pressure on local authorities to participate in the programme or risk losing substantial amounts of MSC funding which support hundreds of jobs. Several Labour controlled local outhorities have already approached the MSC with a view to becoming training managers under the new programme, it says.

In addition, thousands of jobs in the Community Programme and in Colleges of Further Education would be at risk, as well as the MSC's £2.9m a year funding for the TUC's Centres for the Unemployed.

The paper argues that unions should follow the lead to Ucatt, the construction union, which has negotiated an agreement with the Construction Industry Training Board, which allows trainees to be paid the rate for the job once they begin on-the-job-training. Opponents of the scheme will argue that top-ups of the trainees allowances are not allowed under tha scheme's rules.

Cuts at TV group not enough says LWT chief

By John Gapper, Labour Staff

LONDON WEEKEND Television said yesterday that its wide-ranging package of changes to working practices and job cuts would provide only half the annual savings in staff costs that might eventually be required for it to remain competitive.

The company said the package — *including 239 job losses* — would give an annual saving of about £6m on an annual staff budget of £50m — an amount which it expected to be offset by the cost of commissioning independent productions.

Mr Roy van Gelder, LWT director of personnel, said the company might have to make further economies as the proportion of its output commissioned from indepeudent producers rose towards the Government's 25 per cent target figure.

Mr van Gelder, who said he wanted to reach agreement on the package with LWT's three staff unions within three weeks, said further economies would be avoided only if LWT attracted independent producers to use its facilities.

He said LWT would be prepared to impose changes on any staff refusing to accept them. Electrical maintenance workers ot LWT bave rejected the changes, while studio service and clerical staff have stopped negoti*ating.*

The move by the shop (branch) of Beta, the studio and clerical staff union, follows the union's decision this week to withdraw from local negotiations and try to persuade ITV companies to negotiate changes nationally.

Stricter availability for work test may cut benefit claims

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

PEOPLE UNEMPLOYED for more than six months, who are not available to start work immediately or in exceptions within twenty-four hours, even if they have dependent relatives, may lose their entitlement to unemployment benefit, under stricter availability for work tests due to be introduced on Monday.

The stricter availability for work test will be part of a revised Restart interview to be launched nationwide following trials in eleven areas in January and February.

The trials showed that the tighter test led to a four-fold increase in the number of benefit claimants referred to the benefit advisers. Of these between 25 per cent and 40 per cent were expected to be disqualified from receiving benefit because they were unavailable for work.

Advice issued by the Department of Employment to jobcentres and unemployment benefit offices says that the availability for work condition can only be satisfied if the claimant is able to start work immediately.

If the claimant has to look after elderly relatives or children, they should be able to make alternative arrangements within 24 hours or risk being judged unavailable for work.

The advice says the interview is intended to provide a regular check on whether someone is available for work and reinforce the claimant's responsibility to actively seek work.

In addition, availability for work would be judged by whether the claimant has applied for jobs recently, had a job interview or had participated on a Government training scheme. The form suggests that non-participation in a training scheme may lead to benefit entitlement being queried.

Six of 22 questions in the interview are intended to find out whether the claimant has made recent efforts to find work or "improve their prospects."

Claimants will be refered to an adjudication officer, who would decide whether they were available for work and if it appeared they were unreasonably restricting the hours, wage, location or type of job they would be willing to do.

The circular says people seeking part-time work should ask for hours which are generally available within their local labour market, or risk having their benefits cut.

Consideration must be given as to whether, the pay and type of employment the claimant is seeking, is realistic given their previous experience, qualifications, health and age.

It says the revised tests could only be introduced effectively following the creation, last year, of the Employment Service which brought together the jobcentres and uuemployment beuefit offices within o single managerial structure.

It says close liaison between jobceutre and unemployment benefit staff will be vital to make the stricter tests effective.

The initial letters which will be seut out to claimants calling them for a Restart interview make no mention that their benefits might be reduced as a result of the interview.

RCN policy brought rise says PM

By John Gapper

MRS Margaret Thatcher, the Prime Minister, yesterday insisted that nurses, midwives and bealth visitors had been given a 15.3 per cent pay rise because of the Royal College of Nursing's policy of not backing industrial action.

Mrs Thatcher, reacting to suggestions that the Government had been pressured into fully-funding the pay increase by industrial disruption in hospitals, said that nurses' pay was really decided by a review body because of the RCN's policy.

Regional Health Authority chairmen welcomed the award as "enormously encouraging" and said the decision to fund it in full, along with the other four review body recommendations, would help them with nursing recruitment and retention plans.

● The Government said a discrepancy in two sets of figures issued on Thursday for the paybill costs of the review body recommendations had arisen because only one included Northern Ireland (in the case of nursing staff), employers' national insurance and superannuation contributions, London weighting, agency staff costs, and (for doctors) reimbursable expenses.

The review body for nursing staff estimated that the additional paybill cost of the 15.3 per cent would be £669m, whereas the Department of Health and Social Security put it at £803m. For professions allied to medicine, the figures were £34.2m and £45m, and for doctors and dentists, £204m and £318m.

In early editions of the Financial Times yesterday, parts of both these sets of figures were used. We apologise for any confusion this may have caused.

Jimmy Burns on the prospects in the twelve-week old ferry strike

P&O plots to crack Dover siege

FOR A moment yesterday Channel House, the solid steel and concrete building belonging to P&O European Ferries in Dover seemed to have been tailor-made for the occasion.

Perched strategically on o hill overlooking the harbour like a military HQ, the bunker-like edifice withstood, with scarce a tremble, the latest and perhaps most serious 'assault' on it by the National Union of Seamen.

"Seamen, united will never be *defeated*", chanted about *400* seamen at P&O's doorstep.

"Management resign!" they shouted, followed by expletives. But when the management refused to see them, they seemed to have little else left to do but walk away.

From the perspective of the bunker, occupied yesterday by P&O's high command led by Sir Jaffrey Sterling, the scene seemed to be indicative of the growing weakness of the union's position.

P&O European Ferries indicated yesterday that plans were well advanced to put three of its ships to sea by Wednesday of next week even if there continues to be no agreement with the National Union of Seamen.

According to P&O management selected crews of seamen who have defied their union's orders and accepted the company's proposals may soon travel to Rotterdam and Calais. There they will join British sea officers who have been preparing some of the 11 strike-bound ships for normal operation. The company said the three ships would operate from Calais to Dover.

Earlier Mr Graeme Dunlop, P&O's managing director, accused the NUS of being led by an "irresponsible and destructive minority."

Mr Dunlop said: "We are rostering our ships. We are going back to sea."

NUS strike leaders told a mass meeting they had the support of the TGWU transport union, and the officers union Numast to stop any non-unionised sailings. On *Monday the NUS is to meet* leaders of French unions to try and gain their backing.

Mr Colin Bennett, the union's Dover branch secretary warned that if next week's sailings went ahead there would be "a lot of trouble . . . just like you got in the miners' strike".

Sir Jeffrey Sterling: leading P&O high command in Dover

A senior P&O executive in Dover insisted yesterday that the company had "doublechecked" nearly 1,000 signatures of seamen who have ignored the advice of their union officials and agreed to new proposals for changed working conditions.

Yet from the perspective of Dover's Railway Workers Club things looked a little a different yesterday. On a nearby piece of wasteland earlier the 400 seamen had been joined by another 1,000 seamen. The mass meeting voted by o *substantial* majority to continue the strike until the company had modified its conditions. The result was celebrated as a triumph by the union leadership.

Mr George Higgins, the local NUS shop steward leader said: "We're like a good heavyweight boxer in o long fight. He may not win every round but in the end its a knock out that counts."

Twelve weeks and three days on, the P&O dispute does seem to be approaching some kind of climax, but a knock—out, on either side, is not a certainty.

Yesterday's was by no means the first mass meeting at which the NUS has claimed a resounding majority in favour of continuing tha dispute. On previous occasions the ballot by a show of hands subsequeutly proved a false mandate with a number of seamen signing in secret with one hand, what they had publicly denied with the other.

Indeed NUS officials have yet to respond adequately to tha company's suggestion thot the only reason it refuses to test the feelings of its members through a secret postal ballot is that that they are uncertain of winning it.

Behind the rhetoric of defiance — Mr Higgins yesterday threatened to expel from the union all P&O seamen who defy the strike call — there are some union officials who privately fear that an all-out confrontation with P&O with ranks divided would effectively lead to the break-up of the NUS. A union has already lost a substantial number of members in recent years.

Certainly P&O appears prepared to challenge an industrial relations structure that has dominated much of British shipping for the past 40 years. Yet within the shipping sector it is widely accepted thot P&O's public pledge that it will now have little difficulty in putting its fleet back to sea, with or without an agreement with the NUS, may be exaggerated.

There seems little doubt that the 970-odd seamen wbo have agreed to the new proposals are not 970 seamen prepared immediately to effectively break a strike.

Some of them have signed in order to claim early redundancy; many are believed to be catering staff ill-equipped to undertake deck and engine tasks; others claimed privately yesterday that they would not attempt to cross a picket line out of sheer fear of what the union might do to them.

P&O is keeping its precise strategic plans a closely-guarded secret. One possibility is that it might attempt to avoid the picket lines altogether by changing crews on some of the ships it intends to sail next week in foreign ports while the dispute continues. Whatever it does, it will have to have one eye on the public.

For in the aftermath of tbe Herald of Free Enterprise disaster, ferry passengers will be looking for reassurance that Wapping-style strike-breaking on the cougested waters of tbe Channel does not compromise safety.

APPOINTMENTS

Rubery Owen-Rockwell group managing director

Mr Ritchie A. Costley has been appointed group managing director of RUBERY OWEN-ROCKWELL from May 1. He succeeds Mr John Pierce, chief executive, who has retired. Mr Costley joined ROR in 1986 as managing director of the manufacturing plant at Llay near Wrexham. He was previously with Rockwell International's automotive division in West Germany as plant director of its Alzenau brake manufacturing plant.

★

Dr John Wall is to become the next secretary of the MEDICAL DEFENCE UNION, said to be the largest medical indemnity group of its kind in the world. He is deputy secretary, and will succeed Dr John Brooke Barnett, who is retiring at the end of the year.

★

Sir Francis Kennedy has been appointed a director of tha FLEMING OVERSEAS INVESTMENT TRUST. Sir Francis, who was recently the Foreign Office's director-general of trade and investment, US, and consul-general in New York, is special adviser to the board of British Airways. Mr David Montagu will retire from the board on June 14 following his becoming designate executive chairman of Rothmans International. He will be succeeded as chairman by Sir Philip Haddon-Cave. Sir Philip, a director since April 1986, was formerly chief secretary of Hong Kong.

★

Mr Bill Cotton, who retires as managing director of the BBC on April 30, is to join the board of ALBA as a non-executive director.

★

Mr Norman Lott, formerly financial director of Graham and Trotman, has been appointed financial director of FLOWSAVE INTERNATIONAL, and Mr Alistair Mclean, formerly sales and planning manager with Johnson & Johnson, joins as sales and marketing manager.

★

Mr J.J.Y. Scott has been appointed deputy chairman of FENCHURCH SCOTT REINSURANCE BROKERS from May 1. Mr J.C.M. Cuthbert becomes managing director and Mr P.E. Williamson deputy managing director. Mr J.I. Hamilton and Miss Carolyn Morley become assistant directors.

★

REGENCY FINANCIAL GROUP has appointed Ms Traci Dunlop as group compliance officer. She joins from Coopers and Lybrand.

★

Mr Naonori Fujita, managing director, BANK OF TOKYO INTERNATIONAL, London office, will be returning to Tokyo at the beginning of next month. He has been succeeded as managing director in the London office by Mr Hiroshi Watanabe, who was general manager, marketing (Europe). This post has been filled by Mr Tetsuo Sugano.

★

A.G. STANLEY HOLDINGS has appointed Mr P.F. Jeffrey and Mr D.W. Arundale as non-executive directors. Mr Jeffrey, who wil also be deputy chairman, is the former chief executive of the Jacoa Group, acquired by A.G. Stanley in August 1987. Mr Arundale was finance director of Jacoa. Mr G.A. Stanley, Mr W.H. Conroy and Mr B.P. Davies, non-executive directors, have retired.

★

CITICORP SCRIMGEOUR VICKERS has promoted Mr Philip Dorgan, food retailing analyst, to take overall responsibility for retail sector research, replacing Mr Nick Bubb who has resigned to join Morgan Stanley.

★

Dr Robert H. McNeilly has been appointed to the board of PRIVATE PATIENTS PLAN as director of health services. He was executive medical adviser to PPP and chief executive of PPP Medical Centre.

★

Mr Robert G. Wilson has been appointed group financial director of W.A. TYZACK. He was divisional financial controller of F.H. Tomkins. Mr Kevin Parkin has been appointed group company secretary, and financial controller of W.A. Tyzack (Sheffield), one of the group's principal operating subsidiaries. He was financial controller of Garrant.

★

Mr John Hings has been appointed group managing director of COGENT ELLIOTT GROUP. He was group managing director of Mansfield Brewery. Mr Brian Symonds joins as group financial controller. He was divisional controller of finance for British Home Stores.

Service Group.

★

TANDEM COMPUTERS, UK, has appointed Mr Charles Brodie as financial director. He was financial operations manager at Wang UK.

FINANCIAL TIMES

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Muddled over sterling

AFTER A WEEK in which Britain's Conservative government escaped defeat by a mere 25 votes on its poll tax legislation, and pleased rebellious Tory back benchers with a 15.3 per cent pay award to the nurses, the Prime Minister could just about claim to have regained the political initiative. It is on the economic front that Mrs Thatcher is now in difficulty; and the dilemma for economic policy was crually emphasised by the currency markets on Thursday, when sterling rose perversely in response to money supply figures that the market itself regarded as distinctly poor.

In a world where international capital pours into whichever currency offers the highest return, the likelihood that a cut in sterling interest rates would coma later rather than eooner made the pound an even more attractive haven. No matter that this capital inflow will have its counterpart in a deteriorating current account on the balance of payments, as British exports become less competitive. For the moment sterling offers the best game in town for the folk who play the currency markets. And they are less concerned than the government about economic fundamentals or inflationary threats.

As yet the threat of rising prices is less disconcerting than it might be. While average earnings are running at about 8.5 per cent, the inflationary impact is, to a large extent, still offset by rapidly rising productivity. The recent wave of industrial unrest in the car industry, however worrying, has not resulted in a full-scale managerial retreat – witness events at Jaguar this week, where a majority of the workforce voted to accept a productivity scheme that had threatened a serious dispnte.

Sterling's strength

The trouble is that the productivity impetus cannot survive an economic slow down. While no one expects growth to continue at last year's rate of about 5 per cent, it is too early to say which of the forecasts on offer for the current year looks most plausible. What can be said with certainty is that if sterling'e strength persists, it will make the present debate about capacity constraints and overheating academic, because it will throttle the economy.

It is also true that the Prime Minister's penchant for sterling appreciation fails to address the problems of those sectors of the economy where inflationary symptoms are at their most virulent. An obvious case in point is housing, where a rip-roaring price spiral is going unchecked, especially in the sonth of England.

Firefighting

Nor is exchange rate policy relevant to the inflationary potential in the government's own back yard. The decision to raise electricity prices by 15 per cent over the next two years, before the industry is privatised, casts doubt on the Prime Minister's claim that curbing inflation is her overriding economic priority. And on public sector pay, the huge disparity between the awards granted to the teachers and the nurses this week smacks of *ad hoc* political firefighting rather than coherent policy.

Much of the answer to the government's dilemma lies in the hands of the exchange markets. In due course the prasent unfriendly sterling trend will reverse itself; the problem for the euthorities is how to influence the way in which we get from here to there. Tightening fiscal policy makes little sense when the government is running the opposite of a borrowing requirement. House prices are notoriously unresponsive to rising interest rates, which anyway would add to the attractions of the pound for speculators in the currency markets. If the authorities try to establish a new ceiling for the sterling against the D-mark it is likely to be tested to destruction, given that the markets have already seen Mrs Thatcher balk once at the cost of intervention.

An alternative approach is to tackle the structural flaws in the markets where inflation is rampant. This would make sense in housing, where planning constraints and fiscal distortions contribute to the price spiral. But while the government is pursuing a relatively bold line in relation to the availability of land for building, it has flunked its opportunities in relation to mortgage tax relief. And the substitution of poll tax for the rates will exacerbate inflationary pressures by making housing more attractive relative to other investments, while removing the incentive to efficient use of space.

Even if ministers were willing to change tack on these issues, structural market reforms would take time to work. It seems highly unlikely that the present Government would consider a temporary resort to credit controls in the interim. So we are left with a policy of muddling through – though whether to a sterling crisis later in the year, or to a softer landing, is something over which the Prime Minister and her Chancellor have increasingly little control.

John Lloyd finds that the bitter experience of the miners' strike has led to significant changes of attitude

The ways of a new world

IT IS a different industry now. That is because it is becoming more like everything else.

British coal mining did not, of course, change utterly *because* of the 1984/85 miners' strike: but the strike, in revealing to the new model management just how mnch power it could exercise, and in dislodging the National Union of Mineworkers from its vanguard role among British trade unions, has created or at the very least hastened two very big changes.

First, the fact of losing has brought the miners nose to nose with a market from which they had largely been shielded, and produced some very startling behaviour; and second, mining communities have been – are being – destroyed, and that is a loss which is much more than jobs.

Ian MacGregor and Arthur Scargill had in common extremist visions. For the first, victory meant productivity, wealth and freedom: for the second, defeat meant the destruction of tha working class.

It has become clearer since the strike that preservation of community could *only* have continued at colossal cost; but that the achievement of profitability and lower cost can *only* be won by the killing off of pits in Gwent, Durham and Fife.

Though, of course, it is not that simple. Meeting the market can have its exhilarations: it has done so for Phil Bowen, secretary of the Blaenant lodge in the Dilwys valley above Swansea. The pit was faced with closure. A new method of mining – longwall retreat, now being introduced in most British pits – was failing to improve significantly a low shift output and was about to be ended.

Bowen calculated that if it went, so did the pit. So he made a deal with his manager: let *him* try to make the system work. The manager accepted. Bowen got together the best development teams in the pit; cut the numbers of men on heading work (tunnelling) from 5 to 3; and "the orders they had – from me – was to cut and cut and cut."

He had many problems. The pit supports weren't strong enough. There was a lack of experienced men, many of whom had left after the strike. His colleagues grumbled that the élite on the heading work were making around £240 a week on productivity bonuses, and why were *they* not on the team?

But he stuck to it. The work rate went up from about 30 feet a week to 60 or even 70. And when, on February 2, a review meeting was convened at the area headquarters in Cardiff, Ron Price, the area director, had been convinced the pit had a future. Because of the attitude of the men – cajoled and chivvied by Bowen.

Four hundred miles to the north, George Bolton is working hard at not being the last president of the Scottish miners. Hanging over the field is a threat by the South of Scotland Electricity Board to take its coal from cheaper foreign suppliers. That would close the six remaining Scots pits. Bolton, a lifelong Communist, past chairman of the Communist Party, has become a salesman. He went with British Coal executives to Northern Ireland, and helped win a contract to supply Kilroot power station. He will go to Scandinavia on a similar mission. In his neat, terraced house in a valley north of Alloa, looking over the Ochil Hills, he says he is ready to consider six-day working, if need be. "We have to face the fact that we need a new style of working. Wa have to be more productive and recognise that times have changed.

"When yon think, nurses, shop workers, transport workers – all kinds of people – work the weekends so the rest of us can have a social life. Why should miners be exempt?"

This hard truth – that the price paid to adjust to world markets would no longer be berne by the taxpayers but by the miners themselves – has brought many miners and their leaders closer to the practices of the Union of Democratic Mineworkers. The breakaway union remains independent nearly three years after its inception, and shows no signs of folding up. Why should it? It controls some of the richest pits and British Coal will favour it to take over those it plans to open.

One such rich pit is Daw Mill, between Birmingham and Coventry. Tommy Gay is the UDM branch secretary. He is from Fife, which in mineworkers' circles has been almost a declaration of radicalism in itself. But when asked about militancy, he says: "Daw Mill was always as militant as any pit in the area – up to the strike. It was militant where the issue was directly related to the pit. But on the question of pit closures, we said no (to industrial action). Most of the men here moved from other areas. And they said: 'If I had to move 300 miles for a job, as I did, I don't see why others shouldn't do the same.'"

If a Communist area leader and a UDM branch secretary ask essentially the same question – what makes us so special any more? – there is clearly a basis for consensus. But there is agreement on more than that, which might be – should be – less musical to the ears of British Coal and Government: agreement on the loss.

At Oakdale colliery, in Gwent, Alan Sandell and Colin Tapper, president and secretary of the NUM branch, tell the story of a colleague who took redundancy and went down the dole office. "He was shocked at the people there: 25-year-olds in the queue who'd never had a proper job. He said: 'They couldn't even be bothered to dress proper. I felt like crying.'"

> 'Ourselves alone' has disappeared as a successful slogan for the miners – indeed for the working class

Across the hills in the Cynon valley, in the pit village of Ynysybwl, Brian Evans has just lost his pit, Lady Windsor. The former lodge chairman seems dazed: answering in short sentences, staring into the fire. He had tried to muster some resistance to closure but "the men were just fed up with it. In the end it was pointless even pushing for the pit to go into review." Evans, a 49-year-old fitter, has tried for six jobs and had two interviews: no luck.

But he still busies himself: he is chairman of the Miners Institute, a fine Victorian building which, on the day I talked to him, was putting on a pantomime, Don Quixote. The institute had been put there by the miners and the town's tradesmen: now its grants have been cut and its future is uncertain. Outside, in the drizzle, a brightly coloured van was parked and a young woman was bustling between it and the institute, cheerfully setting up the performance which her theatre group was to give. She seemed sympathetic – and active in her concern – *doing* something. But she was from outside: the energy and ambition which created the institute were gone.

George Bolton, growing up a few miles from where he now lives, says: "When I began in the 1960s the union was all about you, you couldn't get away from it. It ran the kiddies' gala day and the old people's outings. It was the club and the pub. It was the community." At Bilston Glen colliery, south of Edinburgh, John Higgins, the pit delegate, laughs at himself when he says he has bought his council house: "If you'd said I'd do that even five years ago, I'd have said you were mad". But now? "That's the world now."

At Daw Mill, the car park is (like other pits anywhere) full of cars: the cars of men who get a good wage for manual workers. Most of the cars are between three and seven years old, overwhelmingly British-made, family saloons. They express what has been happening for years: the commuting miner. There were pit villages there but they are not that now; the area is hatched across with motorways and big, sprawling pubs. That has its benefits. Where you have no community solidarity you have no community hate, which ccan still be venomously intense and long-lasting. Tommy Gay says he lost drinking mates who were shop stewards in other unions for about a year after he left the NUM; but they talk to him just the same once more.

Something remains of the difference. At Oakdale, Sandell and Tapper won a bit of a victory: they kept a face open and preserved 70 jobs which the manager had wanted to *cut*. More significantly, they took on and beat a manifestation of the new individualism.

Their version of that event is this: the lodge had voted by five to one to oppose the manager's plan to cut manpower at the pit. But one miner, fearful he would lose the £25,000 which all miners could, until a month ago, claim if they left the industry (he had plans to start his own business) started a petition to oppose the lodge vote. Ha convinced a number of men that if they signed the petition, the vote would be null and void. The manager (the NUM says) quietly encouraged the effort. But, at an area meeting, the branch officials exposed the plot and it came to nought.

They saw the event as the kind of thing the UDM has brought in. "People will try to undermine collective decisions for their own ends. That wouldn't have happened before."

There are other examples. Higgins at Bilston Glen has seen the union re-established and better working relations between the management and union officials – albeit on the basis of agreeing to new practices, and possibly having to work six-day shifts. Phil Bowen at Blaenant got his work levels by "convincing the workers that the new methods were against what the management wanted: if you tell them that, they'll do anything." Bolton in Scotland has mobilised such widespread support for the campaign to save Scots pits that he reckons he has "surrounded" Malcolm Rifkind, the Scottish Secretary.

But Daw Mill – the union jack flnttering over its gateway – looks like the future. Gay says: "It broke my heart to leave the NUM," but he *did* leave and his heart seems to have mended. When the general election came in 1987, he put a notice on the office door: "UDM – non political." He has been on trips to US pits and says: "That'e the way to go" – lower manning levels, faster workrate, less elaborate health and safety, and all. Much of his time, like other branch secretaries, UDM and NUM, is spent negotiating contracts for men to do specific jobs for a price – a growing trend, and ona which sees more than an echo of the old "butty" system of payment of a team for a job done.

Near Oakdale pit, Alan Baker still keeps active in his village. He retired as a miner, and as lodge secerary of Oakdale, just after the strike. He is one of that very considerable number of (older) miners who educated themselves to a level of thoughtfulness well above most university graduates – in his case, through Marxism (he remains a member of the Communist Party). He has come to this conclusion: that the miners, more than any other part of the British labour movement, had got used to a sort of success. Capitalists who had enough of a surplus, or who needed continuous production, gave way to industrial action. Now, a capital organised across national boundaries, backed in Britain by a determined government, has been able to set new rules. The miners fought yesterday's battle.

Baker thinks labour can come back, if it recognises the new rules and draws on a wider stratum of support. His is another way of recognising that "Ourselves alone" has disappeared as a successful slogan for miners, indeed, for the working class – except, perhaps, in the minds of the NUM's national leadership.

He may be right or wrong. But it is clearly, if silently, recognised by men like him, who draw on a century of organisation and culture, that if left-wing politics revive, the miners will not lead it. Those who remain may be better off, and safer, less prickly and separate, broader in their interests and experiences, but their days in the vanguard are over.

Man in the News

Poul Schlüter

Optimist who serves a strong cup of tea

By Hilary Barnes

DANISH businessmen sometimes say that if Prime Minister Poul Schlüter had greater powers of leadership, Denmark would never have got into its present situation, in which its membership of Nato is at risk.

This Conservative leader of a four-party non-socialist coalition should, they say, have put his foot down in 1983. That was when the first of a series of resolutions, supported by a left-centre majority, was voted through the Folketing (parliament) to gnaw away at Denmark's post-war foreign and defence policy consensus. Denmark's allies have since gained the impression that its loyalty to the Nato alliance is less than whole-hearted.

This week Mr Schlüter at last made a stand and called elections for May 10 when the Folketing's foreign policy majority – which, such is the state of Danish politics, is not the same as the Government's economic policy majority – required the Government to tell each visiting warship that Denmark does not accept nuclear weapons in its territories.

The resolution is seen by Nato as contrary to Nato'e fundamental deterrence policy. It is in open conflict with the US and British policy of neither confirming nor denying that their warships carry nnclear weapons.

But if Mr Schlüter is not a leader in the Thatcher mould – and it is difficult to imagine that a leader of Mrs Thatcher's type could emerge from Denmark'e system of proportional representation and the nine-party Folketing to which it has given rise – he has proved himself an unusually ekilled politician. A senior official adviser has described him as "one of our most competent post-war Prime Ministers."

For five and a half years he has held together a coalition of four, fairly disparate parties – his own Conservatives, the Liberals, who manage to support the tenets of classical liberalism as well as being the party of the farm interests, the Centre Democrats, a breakaway from the Social Democrats, and ths Christian People's Party, for whom the big issue in the coming election is a (left-centre) bill to allow homosexual couples to enter into "registered partnerships."

In September, 1982, when the Government took office, few rated the survival chances of Mr Schlüter's coalition as more than a few months. Three things have helped him to succeed: an innate pragmatism ("ideologies are bunk"), optimism and integrity.

He may eometimes become weary. He was devastated in February by the death from cancer of his wife, Lisbeth. But he is never down for long and assumes not only that problems are there to be solved, but that they will be solved. His performance as head of the Cabinet is said to be masterly.

After last September's election, which left the Government without an assured majority for any of its policies, tensions between the coalition parties led to several well-publicised rows, especially between the Liberal Party and the Christian People's Party, whose Mr Christian Christensen, Environment Minister, is implementing an expensive and controversial programme to reduce pollution of the water table by agricultural waste.

Mr Schlüter called a special meeting of the Cabinet over afternoon tea, at which he called his ministers to order. "It was an amazing performance," said one minister afterwards. He got the message through to everyone that the coalition would break up if they did not pull themselves together, and no one took offence, even if it was, as Mr Schlüter said, "a strong cup of tea which I dished up."

He has sacked three women members of the Cabinet and they still say they don't know why. The truth seems to be that Mr Schlüter couldn't stand the hectoring tone which they adopted – or were unable to drop – in Cabinet discussions. Perhaps this is why his admiration for Mrs Thatcher is qualified. "I think we must still be friends: she still calls me Poul," he once commented after a confrontation with Mrs T.

Mr Schlüter, 59, was brought up in the South Jutland town of Toender, on the German border. He trained as a lawyer, but has spent most of his career in politics. He took over the leadership of the Conservative Party in 1974, when its fortunes were at a low ebb.

The populist Progress Party, promising to abolish taxes if it ever had the power to do so, had just come from nowhere to win 16 per cent of the vote. Opinion at the time was that anyone who took on the leadership of the Conservative Party in such a situation must be a dud. Opinion was wrong. By 1982, Mr Schlüter was leader of the largest of the non-socialist parties, and when the Social Democrats resigned, without calling an election, he was automatically candidate to become Prime Minister of a non-socialist administration.

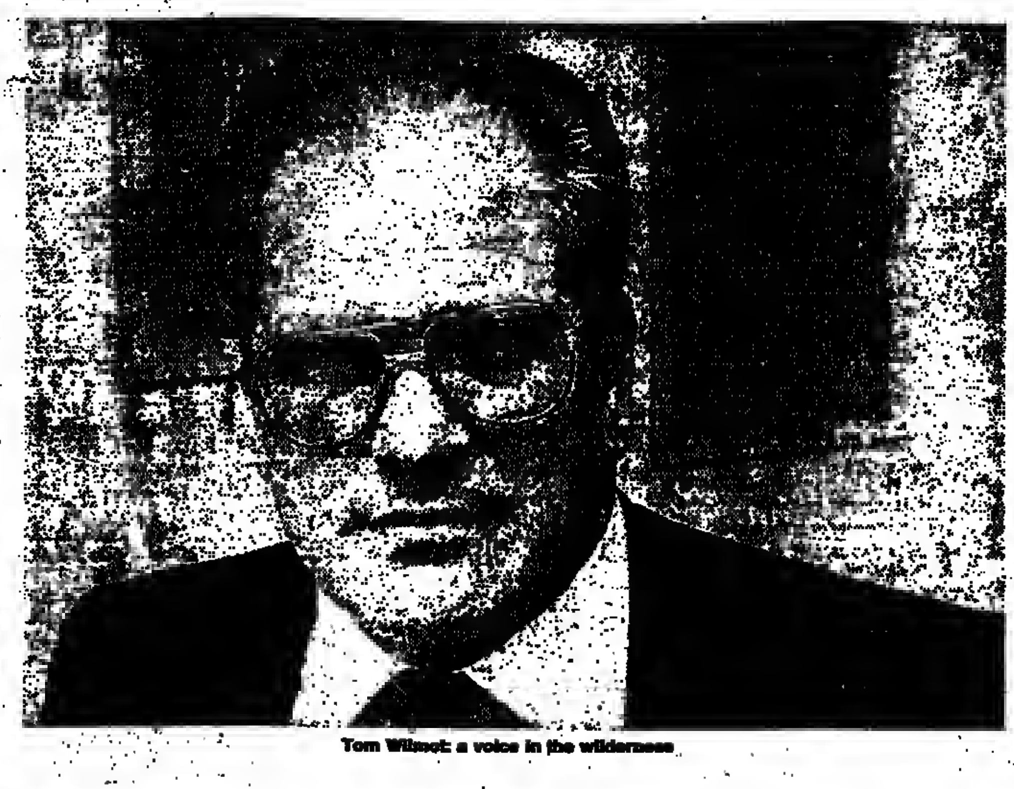
He promptly gave the country economic shock treatment, abolishing the universal system of linking wages and prices (even the Queen's provision rose automatically with the consumer price index), placing a firm lid on government expenditure and raising a number of new taxes. These measures laid the basis for what is probably his greatest single domestic policy achievement, the elimination of a budget deficit which reached 11 per cent of gross domestic product in 1982-83. By 1986 the budget was again in surplus.

Those early measures impressed the electorate. In the election of January, 1984, the Conservative Party went ahead from 14.5 to 23.4 per cent of the vote and from 26 to 42 seats in the 179-seat Folketing (but slipped to 38 seats last September).

Mr Schlüter's other great achievement was to keep Denmark in the European Community. In 1986, in a situation with close parallels to the current crisis over Nato relations, the Social Democrats raised a left-centre majority to stop ratification of the European Singla Act. Mr Schlüter called the opposition's bluff by putting the issue to a referendum, which he won.

The Prime Minister's chances of surviving the current election are difficult to judge. The Government may make some gains and as it has not resigned Mr Schlüter may try to stay in office until defeated in a vote of confidence. But the left-centre foreign policy majority will almost certainly remain after the election as well, and in that case the coalition's life will hang by a slim thread.

Heather Farmbrough reports on the outlook for the UK's over-the-counter stock market



Tom Wilmot: a voice in the wilderness

Rules come to the frontier

THE DAY OF reckoning is approaching for Mr Tom Wilmot, chairman of Harvard Securities, the licensed dealer which has become virtually synonymous with the over-the-counter (OTC) market in UK equities.

On April 29 – A-day – the Financial Services Act will come into effect and make many of the current arrangements to buy and sell OTC stocks illegal. Dealers who fail to win authorisation from the relevant authorities will be unable to carry on dealing in any securities for their clients, who are mainly private investors.

Should Harvard fail to win authorisation, Mr Wilmot would not be the only casualty. Harvard is the sole market maker in about 80 of the 150 or so companies on the OTC market. Those companies, Mr Wilmot admits, would be left "in no man's land" – without a market and with shareholders locked in. Harvard has come to dominate the OTC to such an extent that, as Mr Wilmot says: "There is no other real market maker. The rest all just match bargains."

His voice is that of a prophet crying in the wilderness. The majority of his competitors appear to have written off the impending demise of the unregulated OTC market as the final stage in a process of dissolution.

The OTC market was set up in the 1970s under the auspices of Nightingale and Company, now known as Granville, as a market of private companies traded off the stock exchange floor, attracting institutional investors rather than individuals. It functioned as a primary market for new issues and as a secondary one to which principals made markets.

It was Harvard which, according to one competitor, "began to blaze a trail through the market" in the early 1980s, taking private investors into unquoted companies. It was the most prolific issuing house, launching a number of racy start-up ventures. Some, such as Leading Leisure, were spectacular successes, other failed just as spectacularly. Harvard also pioneered the "grey" market in privatisation issues like British Telecom.

But the nature of the OTC market has altered considerably. "As a primary market, the OTC has been dead for two to three years," says Mr David Michaels, chairman of Guidehouse which used to act as an issuing house for OTC companies. The Government's Business Expansion Scheme has supplanted the OTC because of the tax advantages it offers; over half the companies currently quoted on the OTC have raised money through BES. The establishment of the third market last February may also have taken away business.

The OTC market has won few friends and has desperately needed regulating. Reports abound of over-enthusiastic salesmen prevailing on unsophisticated private investors to buy shares. Clients would then find they were unable to sell and that the shares often lost value.

Few OTC companies have gone on to listings on other markets. Peat Marwick, the accountants, has identified 222 companies recruited to the OTC since its beginning in the mid-1970s. Of those that the study was able to trace at the end of December 1986, 153 were still quoted; a further 25 had been suspended or gone into receivership; another 13 were quoted under the Stock Exchange's rule 535(2), which covers dealings in unquoted companies; six were quoted on the unlisted securities market (USM); and only three had a full listing.

Attempts to establish a unified body or to introduce self regulation have failed – partly through the disinclination of dealers to co-operate with each other.

Indeed, as Mr William Drake of Granville, which offers a matched bargain service in OTC companies, argues: "There is no OTC market – the myth that it has ever existed is damaging. All there has been is a collection of dealers, some registered with Fimbra (Financial Intermediaries, Managers and Brokers Regulatory Association), most not."

OTC dealers have been unwilling to involve themselves in the highly publicised war of words which Mr Wilmot has waged with the Stock Exchange, the satirical magazine Private Eye and numerous newspapers over the last decade about Harvard and the role of the OTC.

In June last year, the Stock Exchange rejected Harvard's application for membership on the grounds of "adverse press comment". Mr Wilmot is convinced be has been the victim of a vendetta by the Stock Exchange. "They were out to get us because we represented competition. We were owned by a Jew and run by a self-made man," he says.

Mr Wilmot is indeed a self-made man, having gone into the City as a stockbroker before starting to run Harvard in 1974. His father sent him on an adventure training course to "straighten him ont" when he left school at 17.

The past legal battle between Mr Wilmot and the Stock Exchange may prove less of a threat to the company – and indeed the OTC market – than the impending regulation. Harvard has applied to both the Securities Association and the Securities and Investments Board for authorisation. It has guaranteed itself a temporary lease of life by applying to the SIB, which has a longer appeals procedure than the self-regulatory authorities. If the SIB rejects its application, Harvard will be able to appeal to an independent tribunal. It has been granted interim authorisation while the SIB processes the application.

Mr Wilmot is confident Harvard will win SIB authorisation. He says, however: "In the worst possible scenario, we would try to get all of the companies an alternative market, such as the third market or a quotation under rule 535(2), or seek to find another anthorised dealer to match bargains until those companies can qualify for another market."

A number of Harvard-sponsored companies seem to be prepared for this contingency. For instance, Mr Will Lambert, finance director of Sonic Tape, (Harvard is the sole market maker in its shares), is preparing a possible USM issue. "In the interim, if Harvard failed to win authorisation, our shares could be traded by another registered broker who is prepared to make a market," he says.

But it may not be so simple. Most of Harvard's competitors have already turned their backs on OTC business. Chartwell has applied for membership of the Stock Exchange; Granville, Guidehouse and United Trust and Credit have been Stock Exchange members for some time.

The remaining OTC dealers are busy trying to find homes on one of the junior markets for the companiee they sponeor. Although Harvard has had its share of successful companies, as one dealer says: "I would not like to take up any of Harvard's stocks. The other problem is I don't think any other licensed dealers are keen to do so and they never have liked taking on anyone else's stocks."

Another difficulty is that many OTC companies which seek a stock exchange listing are rejected. "OTC companies are usually very small and the andits are often of poor quality," says Mr Paul Knott of Peat Marwick.

Furthermore, it is difficult for even the better OTC companies to obtain a third market listing. "The white book for the third market says that it is aimed at young and growing companies, usually with one year's audited results, but also including fully researched greenfield projects," comments Mr Knott. "But in practice, most sponsors will only look at companies with pre-tax profits of £100,000-plus and have tended to turn their backs on start-ups."

Eventually, as Mr Knott argues, "It will be very, very difficult for investors to be sucked into markets outside a registered investment exchange."

Mr Wilmot is less sure. "I believe the regulations will be relaxed and that there will be another tier outsida the Stock Exchange." He argues that the OTC has fulfilled a valid function, raising money for small companies, and that it will be missed.

The OTC market has hastened its own demise by failing to curb the excesses of the less scrupulous players. "The market makers weren't prepared to abide by the rules," says Mr Wilmot. His competitor, Mr Ernie Coulson at Chartwell, adds: "I know regulation has been necessary. Unfortunately, good companies are as difficult to deal in as had ones."

South Africa

The next stage in the game

By Anthony Robinson in Johannesburg

REFORM of South Africa's apartheid system has been on the backburner ever since President P. W. Botha decided to scuttle the Commonwealth Eminent Persons Group's initiative, in May 1986, by attacking alleged African National Congress (ANC) facilities in neighbouring frontline states.

Since then the country has lived under a state of emergency. The security forces have been unleashed on the townships, war has been declared on the banned ANC and government and business have been absorbed to circumventing sanctions and coping with disinvestment.

But this week President Botha attempted to regain the political initiative by unveiling, to Parliament, a series of proposed changes to the 1984 constitution. The main aims are to rally moderate white voters behind the ruling National Party and to assure blacks that their political aspirations will be heeded, if far from satisfied.

Even if implemented in full, the plan would leave blacks – 75 per cent of the population – unrepresented in the tri-cameral Parliament. As partial compensation, Mr Botha has proposed the setting np of elected black regional authorities. These would be organised on a geographic basis, like the existing nine economic zones, rather than on an exclusively ethnic basis, like the four "independent" and six "autonomous" homelands.

Blacks would then join representatives of regional "own affairs" units from other race groups in a forum which Mr Botha described as being inspired by the European Community. Black leaders prepared to co-operate would be offered greater access to the white-controlled decision making process:

- The 88-person electoral college (chosen from the majority parties in each of the white, coloured and Asian houses of Parliament), which elects a president every five years, would be enlarged to inclnde blacks.
- Blacks would be invited to take part in a revised President's Council, the top-level advisory body.
- Mr Botha's plan to recreate the post of Prime Minister is linked to a move to allow the President to appoint non-elected blacks to the executive arm of government to areas like education and constitutional reform.

The package drew predictable howls of rage from the right-wing Conservative Party. It says this is further proof of the Government'e betrayal of the white man in southern Africa.

Zuln chief Mangosuthn Buthelezi, the black leader the Government most wants to attract into its proposed institutions, cautiously welcomed it as "a first tentative step to defy the conservative right." But be tben repeated his longstanding preconditions for co-operation – the removal of the ban on organisations like the ANC and Pan-Africanist Congress and the release of leaders like Nelson Mandela.

It would be easy to dismiss the latest proposals as mere tinkering with the system. But it is significant that the Government feels secure enough to try to re-establish a dialogue with blacks and to face up to the political challenge from a rampant Conservative Party.

What killed reform and fuelled the white backlash was violent black revolt – whicb has cost more than 2,500 black lives. For the last two years, the Government's priority has been to crush this rebellion. In addition to police action in the townships, detention of activists and the banning of black organisations, it has used its military might to close the frontiers to ANC and Swapo infiltration.

The townships, tired of violence, are more or less under control; and the police and the informer network are back in place.

Meanwhile, the exiled ANC leadership feces a crisis. Its promise to make South Africa ungovernable has proved unettainable. Many of its cadres have been jailed or killed, at home and abroad. Domestically, many black intellectuals and the rising black middle class reject tha ANC's Communist links and its multi-racial approacb in favour of the black consciousness ideals of martyrs like Steve Biko. Even Soviet support and the future of its training camps in Angola appear to be in doubt.

Now the Government believes the black front to be under control, it feels ready to make approaches to moderate blacks. Tbis signals its intention to declare war on its main target, which is not black opinion but the white right wing.

Ironically, support for the Conservative Party and the para-military Afrikaner Weerstandsbeweging soared during tha period when the Government switched from reform to strong arm tactics – as demanded by frightened white voters.

The Government is now changing tactics again. It is no longer intent on out-thugging the two right-wing parties. Instead its aim is to rally defecting Afrikaner cburchmen, academics and intellectuals, and to consolidate its voting strength among the English speakers, who provide 40 per cent of its votes. The National Party is presenting itself as standing for moderation and negotiation, as opposed to the Conservative Party alternative of confrontation and chaos.

Short term, it hopes to limit Conservative penetration of local councils in October's municipal elections. Longer term, the aim is to whittle away that party's support by concentrating on the sheer unworkability and cost of its election manifesto.

The Conservative Party's plans to partition South Africa, restore all the repealed apartheid legislation and pnsb for unashamed white supremacy may sound less attractive if – like the ANC's plans for a unitary state based on one man, one vote majority rule – they can be snccesefully branded as a recipe for civil war and chaos.

Letters to the Editor

Numbers on wheels

From Mr H.C.S. Derwent.

Sir, Your tax advice to a correspondent about sales of cherished car registration numbers (Weekend FT, April 16) said it was not possible to sell registration numbers on their own; rather the vehicle bearing the number had to be sold.

This used to be the case; no longer. To prevent the possibility of fraud, and duplication of numbers on vehicles on the road, a variety of rules surround the transfer of a number from one vehicle to another. But a number can be bought from an existing vehicle if that vehicle's entitlement to it is clear and its keeper agrees, without the vehicle itself changing hands. (I cannot advise on the capital gains tax implications of that fact.)

H.C.S. Derwent,
Department of Transport,
Driver and Vehicle Licensing Centre,
Swansea, Wales

'Twas but the wind

From Mr N.A. Tomalin.

Sir, Dr Pedro Schwartz (April 16) argues that the defeat of the Spanish Armada was not so much an English victory as a Spanisb disaster. But why "argues," and who claims an English victory? The wind determined the issue, recorded in metal by the government of the day: "Afflavit Deus."

N.A. Tomalin,
Gussage All Saints,
Wimborne, Dorset

Good may come of the Zola Budd affair

From Mr John Bruce Lockhart.

Sir, Good may come of the Zola Budd affair. Anything that prodnces serious debate on the world's attitude towards South Africa is beneficial. When discussing it in pubs and clubs the following points might helpfully be remembered.

This matter can only be debated in the western democracies. Most of the third world, and all "Black African" countries, would like the white South Africans to be driven into the sea. The USSR, and other Marxist governments, would like to see a black Marxist government in Pretoria. This is quite understandable, but nothing is going to change their minds.

In the west, the controversy is *not* between those who are "anti-apartheid," and those who favour apartheid. No-one favours apartheid, inside or outside South Africa, except a small minority of Afrikaaners. It is a dead duck.

The real controversy is between two opposing policies. There are those who want increased sanctions and stronger boycotts against South Africa, in the belief that the South African government can be forced into abolishing apartheid. Then there are those who believe that increased sanctions will only increase black unemployment, that boycotts destroy influence, and that both encourage extremism – black and white.

Those who advocate sanctions fall into two categories: the innocents, who do not know South Africa well enough to understand that the Afrikaaners cannot be bullied; and the malevolents, who for their own reasons would like to see violence and confrontation dominate the South African scene.

There are still those who would like to see apartheid abolished by peaceful reform. These should regard the end of sanctions – and the destruction of the Gleneagles agreement – as a necessary pre-requisite for a prosperous, peaceful, multi-racial society in South Africa.

John Bruce Lockhart,
Reform Club,
Pall Mall, SW1

Water metering will be expensive

From Mr Peter Newman.

Sir, Plans are now wall advanced to install water meters at 11 selected trial sites in England this summer, and to render bills based upon those meters as soon as the legislation – yet to be enacted – allows. (This is expected to be with effect from April 1 1989, with the first bills being sent out on July 1 1989.)

Meters are to be sited, so far as Mid-Southern and Thames Water are concerned, outside a property, at the point where the main stopcock is located. Both these suppliers favour the outside site; it reinforces their claim that their responsibility for the supply line ends at that point, and any leaks from there on are the customer's concern.

The standing charge to be levied by Thames Water totals £47 – against £28 for electricity and £33 for gas in this area. Why is water metering to be so expensive?

The water companies do not at present know by bow much water consumption may be reduced once metering becomes universal. So they are loading as much as they can onto the assured source of the standing charge – and they will be less concerned about the massive leakage – up to one third – which presently afflicts the system.

These trial areas are, by and large, in areas of above average affluence, and in the drier south of England. Presumably there is likely to be less outcry from reasonably well-heeled customers. But what happens when these trials result in extension of water metering to take in the whole country?

Peter Newman,
2, Maplehatch Close,
Godalming, Surrey

Independent schooling for 'special needs'

From Mr Keith Hughesdon.

Sir, I was interested to read John Lloyd's article (April 8) on the possible problems facing children with learning difficulties such as dyslexia, when Mr Kenneth Baker's Education Reform Bill brings market forces into play in schools.

All is not gloom and despondency, though. In this country there is a strong tradition of independent special schools which have always had to operate – like other independent schools – in the market place.

The 1981 Education Act which followed the Warnock Report enabled the best of these schools to be recognised by the Department of Education and Science (DES) as providing for particular categories of special need. Such schools thereby became directly accessible to local ednecation authorities (LEAs) seeking places for such children.

I am chairman of the governors of such a school. Over 90 per cent of the places are taken up by LEAs for children with "statements of epecial educational needs." Anxieties about the way in which the national assessments and the curriculum requirements will expose children with special needs should be balanced by a realisation that parents have the right to ask LEAs to make special assessments of need and to provide for such children. The fact that such provision could be in an independent special school is entirely consistent with the overall design.

Keith Hughesdon,
Boyles Farmhouse,
Harwoods Lane,
East Grinstead, West Sussex

'This latest change has probably reduced the life expectancy for pension planners ...'

From Mr Paul Meins.

Sir, The Inland Revenue announced on April 14 a concession whereby people in occupational pension schemes will be able to contract out of Serps using a personal pension, without having to leave their company scheme. I was quoted in your newspaper as describing this change as a "bombshell." Let me expand a little on this reaction.

Until now the legislation has required that members of contracted-in company schemes opt out and lose what may be valuable benefits – if they wish to take up the Government's very attractive contracting-out deal – unless their employer has set up a contracted-out scheme for them. (The only other alternative – a free standing voluntary scheme – has tax disadvantages.)

In fact, many employers have responded by arranging to set up new contract-out money purchase (COMP) schemes with effect from April 6 1988, to meet this need. The Government's belated announcement may render many of these decisions invalid. Employers will need to think again.

They face the prospect of writing off expenditure on new systems, and having to go through a further detailed communication exercise with employees. It is particularly unfortunate that this change should be made so late in the day; it was a measure which had been advocated by many of us during consultations well over two years ago. In fact, this relaxation of the rules introduces a further inconsistency into the authorities' approach to limits on benefits, which has already been undermined by earlier *ad hoc* decisions.

Under the new rules, we understand that the benefits from the minimum personal pension which replaces Serps need not be deducted from the normal two-thirds limit. They do have to be deducted if the equivalent of Serps is provided through a COMP scheme.

It is probably not an exaggeration to say that this latest change has almost killed the fledgling COMP scheme for smaller employers – and reduced the life expectancy of pension planners.

Paul G. Meins,
Coopers & Lybrand,
Plumtree Court, EC4

From Mr Martin Paterson.

Sir, In his letter "Understanding Pension Schemes" (April 15) Mr Redman explains the different concepts underlying money purchase, which can be regarded as deferred pay, and defined benefits, which he claims must not be thought of as deferred pay. He goes on to say that, in the case of money purchase, the employer has contracted to pay contributions at a given rate for each member "irrespective of the level of benefits to which these contributions finally give rise."

I feel bound to comment that, if this is so, the money purchase scheme has not been very well designed. Indeed, apart from the fact that national insurance contributions will be saved on the contribution part of salary, one wonders why the employer does not simply pay extra salary to the employees and let them create their own "deferred pay."

In truth, the money purchase and final salary scheme concepts are not so far apart if you think of the cost of a final salary benefit in terms of the single premium required to secure one year's benefit in the year in which it is earned. This notional cost can then be converted into a money purchase contribution which *ipso facto* is intended, on the assumptions used, to secure the same benefit on retirement. A reasonable set of assumptions would show the cost rising with age, so that the money purchase contribution should rise likewise, although in practice it would be averaged over age groups. Of course, the benefit finally arising would not be guaranteed, but at least it would be measurable against a target determined by the employer who could, if he wanted, periodically review the contribution rates in the light of experience.

Thus, in any year, the contribution paid on behalf of a member could be regarded both as deferred pay, and as a stepping stone to a defined target benefit relative to final salary.

Martin Paterson,
Buck Paterson Consultants
10 Buckingham Place, SW1

UK COMPANY NEWS

Andrew Hill on current French interest in the British water industry

Looking for profit in liquid assets

THE SIGHT of several extremely big fish trying to squeeze into a tiny pool is currently causing the water industry some amusement and not a little concern.

The fish in question are some of Europe's largest water and construction companies, engaged in an undignified scramble to immerse themselves in the UK's 28 statutory water companies, tiny quasi-independent bodies which work alongside the 10 large regional water authorities.

They comprise France's three biggest water suppliers, which havs so far bought stakes in some half dozen companies. Two are involved in joint ventures with the UK construction companies John Laing and Trafalgar House.

All are driven by the opportunies for the sector opened up by the planned privatisation of the regional water authorities.

The French companies, which operate as private sector suppliers in their own country, seem to believe that establishing a strategic foothold in the UK will put them in a good position for expansion after privatisation. And both they and the construction companies will be only too aware of the development potential of the water companies' lands.

A comparative newcomer to the poolside brawl is the French Lyonnaise des Eaux. Last week, hurrying to match its competitors' enthusiasm for the few stocks available, Lyonnaise fell foul of the Takeover Panel. Yesterday it was forced to sell a 12.5 per cent stake in East Worcestershire Waterworks, acquired in breach of the Takeover Code.

This first hiccup in the progress of the French buyers does not, however, seem to have deterred them. Their thirst for more of the water companies' preference stock means that further increases in stakes are announced almost daily.

Statutory water companies survived the 1973 Water Act, which set up the regional water authorities, and they supply about 25 per cent of the UK's water under agency agreements with those authorities. Strictly regulated by the Environment Secretary, their dividends are fixed and shareholders' voting rights are often severely restricted. Surplus profits have to be passed through to consnmers in lower water charges.

As the Government firmed up plans for privatisation of the water anthorities, investment activity in the water companies started to come to the boil. In early June last year the UK and French construction companies, Trafalgar House and Bouygues, announced a 22 per cent interest in Rickmansworth Water Company, bought through their joint venture, Cementation SAUR Water Services.

Amused looks gave way to frowns when others began to take the plunge, encouraged by a speech to the annual general meeting of the Water Companies Association in which Mr Nicholas Ridley, the Environment Secretary, said statutory companies should begin to respond to pressure from shareholders.

In the wake of SAUR, owned by Bouygues, it was the turn of Compagnie Générale des Eaux, France's largest water distribution group, which set up a UK subsidiary, General Utilities, and bought stakes in two more statutory companies in September.

Until this week's ill-judged dive into water stock Lyonnaise looked likely to concentrate on the contracting and water treatment side of the indnstry through two long-running joint ventures with John Laing, the UK construction group. Now, however, even Lyonnaise has been sucked into the activity.

Privatisation of the UK's 10 water authorities could take place as early as autumn 1989. But ths French, their British partners and private water contractors like Biwater (its agreed bid for East Worcestershire Waterworks is close to going unconditional) are hoping to do more than simply tread water as they wait for their chance to invest on a wider scale.

Lyonnaise concentrates on the supply and treatment of water, but Biwater, Compagnie Générale des Eaux and Cementation SAUR also have an interest in co-operating with the statutory companies on the financing, design and construction of water projects both here and abroad.

In the short term, however, the benefits to be wrung out of a stake are few and far between. The shares are tightly held, often by institutions.

Company policy tends to put consumers before shareholders and the statutory companies are arguing strongly that snch restrictions should continue after privatisation, whsn the water companies may be given the opportunity to convert to plc

Asset-stripping is currently all but impossible because any profit on sales of assets must be transferred to reduced water charges.

In addition, a statutory company can authorise a new issue of share capital, without asking the shareholders, by inviting buyers to tender a price for the stock.

One analyst said yesterday that he presumed buyers of water company stock thought voting restrictions would eventually be lifted, but this is currently unproven.

After privatisation, the water authorities themselves will be able to invest in their tiny counterparts. For the time being, however, it seems only the French really want to get their feet wet.

M and S cuts cost of US deal by $20m

By Maggie Urry

Marks and Spencer has renegotiated the terms of its purchase of Brooks Brothers, the US-based menswear retailer, from Campeau, the Canadian property and retailing group. M and S said the revision was advantageous to the company.

The original price of $770m (£407.5m) has been reduced to $750m (£397m) in return for a change in the financing arrangements.

M and S also announced a scheduled closing date for the deal of April 27. In any event it will close by May 2.

M and S will pay $300m of the purchase price in cash, rather than the $320m previously arranged. As before the other $450m will be paid to Campeau by a 10 year promissory note issued to Campeau. However, the interest rate on the note has been altered.

Instead of paying Campeau a fixed rate interest of 8½ per cent, M and S will pay a floating rate at the London interbank offered rate (Libor) for dollars.

Mr Keith Oates, M and S finance director, said the change from fixed to floating interest rates suited Campeau and in return his company had negotiated a lower price. He said the group's gearing ratio would be just under 25 per cent after the purchase went through.

Mr Oates pointed out that Libor was currently below 8½ per cent, and although dollar interest rates were edging up at present, he considered it better not to be tied to a fixed interest rate for 10 years.

He added that if M and S had paid the full price in cash, it would have had to raise short term borrowings and would have paid slightly over Libor for the debt. Instead, M and S will be able to put cash generated during the 10 year life of the loan on deposit at a rate a little below Libor, and so would not be significantly exposed to a rise in interest rates.

Slough Estates takes Next path in Eurobonds to raise £150m

BY CLAY HARRIS

Slough Estates, Britain's largest industrial property company, is to raise £150m through a rights issue of convertible Eurobonds, only the second instance of fund-raising of this sort by a UK company.

The proceeds of the issue, Slough's first call on shareholders since 1978, will help to finance its £550m development programme over the next three years.

The underwriting of the issue by UK stockbroker Warburg Securities and a syndicate of international institutions has enabled Slough to tap the finer terms available in the Euromarkets – for an annual saving of about £1.5m after tax – while meeting City guidelines on pre-emptive rights.

The Slough issue follows the retail group Next's pioneering £100m Euro-convertible last September.

For the first time, however, Eurobond firms have agreed in effect to abide by the UK underwriting schedule. They have undertaken to buy half of the issue, even though they will not know for three weeks how much, if any, they can firmly place with clients. The other £75m has been conventionally underwritten by Warburg in London.

Slough shareholders will be offered £1 nominal of the convertible bonds for every 180.6 shares held. At the conversion price of 324p – a 15 per cent premium over the market price on Thursday – the effect is comparable to a one-for-6.1 rights issue. Slough shares closed 1p lower at 281p yesterday.

Last year, UK companies aroused opposition among institutions by issuing a string of convertible Eurobonds with no pre-emption rights for existing shareholders. This provoked institutions into insisting that they be offered first refusal on any issue of ordinary shares or convertibles which expanded capital by more than 2.5 per cent, or 10 per cent in the case of an acquisition-linked placing.

The Next issue was equivalent, on conversion, to 6.5 per cent of issued share capital. In Slough's case, the proportion is even higher at 16.7 per cent.

Pre-emption rights have not fit in comfortably with practice in the Euromarkets, where firms normally rely on their ability to place bonds rapidly with investor clients. Warburg expects the element of uncertainty for dealers in yesterday's issue to bolster the price of Slough shares and nil-paid rights.

The Slough issue also includes an innovative "rolling put" option which will allow holders to require redemption between 1993 and 1998 on a compound yield of 9.45 per cent. Most "put" options on existing Eurobonds allow redemption on such terms only on one date.

The new provision is designed largely as a safety net to make the issue more attractive to investors. However, there is also expected to be an advantage to Slough as the option will encourage holders to delay a decision on whether to redeem the bond and increase the probability that they will eventually convert into ordinary shares.

Staley director sells share block

BY CLAY HARRIS

Mr Henry Staley, the last member of the founding family of Staley Continental still on the board of the US corn syrup group, has sold more than half his shareholding since Tate & Lyle launched its $1.33bn (£704m) takeover bid.

Mr Staley sold 38,000 of his 68,000 shares for $37 on April 11, according to documents filed with the US Securities and Exchange Commission. The price compared with Tate's $32 offer and Staley's close of $37¼ on Thursday, after the US company officially rejected the Tate bid and said it was in talks with third parties.

Staley's SEC filing also revealed that the bid was now the subject of six lawsuits, including two "class actions" filed on behalf of all Staley shareholders. In addition to the two suits Tate has filed in Delaware, where Staley is incorporated, it has challenged anti-takeover laws in Minnesota and South Carolina.

The independent suits filed in Delaware focus on "golden parachute" arrangements for 44 directors and senior executives, which one claims would cost $117.2m. The attorney for another shareholder said in a letter to Staley that the benefits would "amount to looting of the corporation."

Tate, meanwhile, announced the signing of a $1.3bn loan agreement with 14 international banks to replace a facility of the same size underwritten by Chase Manhattan, which remains as agent.

The new agreement, which Tate had said it would seek when it launched the bid on April 8, is on substantially the same terms as the Chase facility, although the interest rate will decline from ⅜ point to ¼ point over Libor once Tate's net debt falls below its tangible net worth.

WPP buying US sales promotion group

BY NIKKI TAIT

WPP, marketing services company, is buying Einson Freeman, New Jersey sales promotion company for a maximum $14m (£7.4m). The company acquired JWT, New York-based advertising group, for $560m last summer,

The initial payment will be $6.25m, of which four-fifths will be cash and the remainder in shares. Further payments will be made in 1990, 1992 and 1993, depending on post-tax profits, and the final consideration will be based on a ten times multiple of average after-tax earnings in the three years ending December 1992.

Einson Freeman was founded in 1909 and is based in Paramus. Its clients include Air France, AT&T, Burger King, Kodak and Heublein. Revenues have been growing at a compound rate of about 20 per cent, according to WPP, and in the year to end-January totalled $9.4m. Pre-tax profits were $1.1m.

The British group points out that it already has a sizeable presence in the UK sales promotion industry, and claims that the US market has been growing at about 20 per cent a year.

The deal comes just ahead of the US court case brought by WPP against former employees of its prestigious Lord, Geller advertising agency. The hearings are due to start next week.

● The Charity Commission confirmed yesterday that it was looking again at the buyout of the Henley Centre by its employees a year ago for £500,000, after it had previously been part of a charitable body. Earlier this month, WPP acquired the Henley business for an initial payment of £3m, with a further earnout putting a maximum price-tag of £18.5m on the business. Since the WPP deal, an anonymous letter has circulated in the Press, questioning the difference in the two prices. The Charity Commission said it was "reviewing the original transaction and the basis on which it was made"

Yesterday, Mr David Passey, a Henley director, said that the company was happy to co-operate with the Commission, and pointed out that the Commission had approved the original deal. "Their seal is on the sale document", he said.

BAA final instalment due May 19

BAA shareholders were reminded yesterday that they must pay the second and final instalment on their shares by 3pm on Thursday May 19. The payment is 145p per share: shareholders who do not meet the deadline could forfeit their right to the second tranche of shares.

Shareholders who have not received a call notice detailing how much much is to be paid by Tuesday May 3 should contact the Stock Exchange Services Department of the Midland Bank on 01-260-6101; lines will be open from May 3.

From Monday May 9, all dealings in BAA shares will be on a fully paid basis.

Framlington advises against unwanted bid

By Nikki Tait

Framlington, the fund management group which is facing an unwanted bid from Throgmorton Trust, yesterday advised shareholders that it did not believe it would be in their best interests to accept the offer "for the time being".

In a letter to shareholders, chairman Mr Bill Stuttaford repeated that the board had commissioned Phoenix Securities, the Morgan Grenfell subsidiary, to identify a "suitable partner for, or purchaser of, Framlington with a view to resolving management differences without damaging the interests of shareholders, employees and clients". The latest advice is being given "while other options are being explored".

The bid is highly unusual in that Throgmorton Trust is managed by Throgmorton Investment Management Services, itself part of Framlington. Yesterday, Mr Stuttaford declined to elaborate on the state of any discussions, but conceded that the possibility of Throgmorton severing its management contract with Framlington if control of the group changed was not aiding progress.

Throgmorton said it had no comment on the Framlington statement. It has, however, bought a further 205,000 ordinary shares, taking its ordinary stake to 11.7 per cent. The offer – worth 192p nominal of convertible loan stock – reaches its first close next Thursday. Framlington shares were steady yesterday at 192p.

Grand Central profits near trebled at £1.4m

Grand Central Investment Holdings, international food manufacturing and distribution company, saw pre-tax profits almost trebled in 1987 at £1.43m against £479,000. Mr Ishwar Nahappan, chairman, said it was the first full year in which the new group had taken shape.

He added that the company would continue to expand to achieve the objective of becoming an integrated food group. "We hope to acquire a British food manufacturing business to give us a presence in Europe and are negotiating with two major European food producers to manufacture well-known branded products for the Asia Pacific markets."

Turnover rose from £4.12m to £12.44m. Earnings per 10p share came out at 4.7p (1.88p) and a final of 0.5p is being recommended for a total of 0.8p (0.55p).

In Malaysia the cocoa products manufacturing company improved with a range of new products and the plantations offshoot contributed strongly, being inclnded for the last three months of the year.

The chairman added that the Australian distribution business had been expanded and he expected to have established a nationwide network before the end of the present year. The UK property activties made encouraging progress.

The pre-tax figure was struck after net interest charges of £103,000 against interest receivable last time of £251,000. Tax took £141,000 (£35,000).

Ewart shares suspended

SHARE dealings in Ewart, Belfast-based property group, were suspended on Friday at 210p pending a proposed reorganisation.

A Stock Exchange announcement said the company had exchanged contracts on a major acquisition and therefore requested a suspension.

The company was not available for comment but the acquisition was likely to see Ewart making its long-intended move into Great Britain.

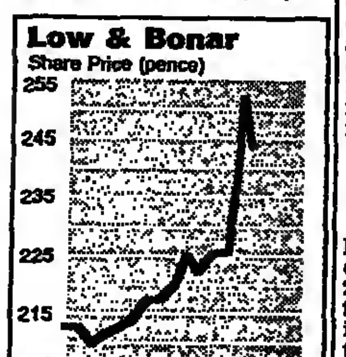
Mr J J McIlroy, chairman, indicated in his interim statement in February that the October crash had led to a more cantious approach. A proposed joint venture had been dropped but a second was still under negotiation, he said.

Tomkins builds up 2% stake in Low & Bonar

By Clay Harris

Tomkins, the acquisitive industrial holding group, has built up a 2 per cent stake in Low & Bonar, the Scottish packaging, plastics, textiles and electronics company.

Despite this disclosure yesterday, Low & Bonar shares fell 5p to 246p when the company said it knew of no reason for the sharp rise in price from 213p at the beginning of April.



Tomkins said its holding was a long-term investment which dated from before the recent price rise. It declined to say whether it had increased the stake.

Low & Bonar uncovered the holding through Companies Act provisions which enable companies to demand disclosure of beneficial ownership. It did not believs its businesses would attract Tomkins, which has wide-ranging interests ranging from Smith & Wesson handguns and handcuffs in the US, through valves and other plumbing fittings, to grass-cutting machinery.

The Scottish group said negotiations to sell its electronics division, which is being offered in four parts, were proceeding well.

Cluff Oil continues gold move

BY STEVEN BUTLER

MR ALGY CLUFF yesterday issued his most bullish statement in years on the prospects for Cluff Oil, of which he is chairman, while announcing pre-tax losses of £2.14m in 1987, roughly quadruple those of the previous year.

"Last year's figures are irrelevant," he said. "We have completely changed the nature of the business."

Mr Cluff has been taking Cluff Oil out of its traditional business of oil exploration and production and into gold mining. Some 7,000 ounces of gold were mined in 1987, accounting for 80 per cent of income, and this was expected to rise to 30,000 ounces this year.

By the end of 1988, gold was expected to be produced at a rate of 80,000 ounces a year, and that was to be increased further by bringing on stream two mines annually in the coming years by means of exploration and discovery. Profits were expected to expand significantly in 1989.

He said the company planned a final exploration drilling well in Indonesia this year, and if oil was found a demerger and flotation of the oil businesses would be considered. Otherwise a buyer for the oil assets would be sought.

The company is to be renamed Cluff Resources.

The £2.14m pre-tax loss includes a £1m write off by Cluff's associate in Australia. Turnover reached £2.88m, compared to £2.19m in the previous year. The loss per share rose from 1.4p to 5.2p, and no dividend was declared.

Cluff had two mines at Bindura in Zimbabwe, named Freda and Rebecca, that were starting production this year. Zimbabwe reserves now stood at 720,000 ounces. Production was also to start at the Transaccion mine in Spain.

Exploration and development activities were to be concentrated in Africa, continental Europe, and North America.

IN BRIEF

MUNTON BROTHERS: Of the open offer of 2.78m new shares, 2.05m (73.65 per cent) have been taks np by shareholders. The issue was made for the acquisition of the Selber garment processing, warehousing and distribution business.

NASH INDUSTRIES (packaging, engineering and construction) expecting highly satisfactory result for current year, chairman told AGM. Trading in opening months was encouraging.

SPANDEX annual meeting told that first quarter sales well ahead of 1987 and outlook bright. Recent German acquisition, Brunner, will contribute significantly, and new range of super-fast lettering computers and other new products will further add to growth.

WATMOUGHS' first quarter profits and turnover were encouragingly ahead of last year, Mr Patrick Walker, chairman, told annual meeting. Gronp has reached agreement to purchase factory at Wakefield, West Yorkshire, to meet growing demand and provide additional space for future expansion.

Crescent Japan unit vote

BY NIKKI TAIT

A RESOLUTION requesting the board of Crescent Japan Investment Trust to turn the fund into a unit trust, won the backing of two-thirds of the shares voted at an extraordinary general meeting in Edinburgh yesterday.

A rival motion that the £110m trust, managed by Edinburgh Fund Managers, should continue as an investment trust was defeated by a two-to-one majority.

The number of votes cast on the unitisation motion was approximately 79 per cent of the total possible. The unitisation proposal was put forward by an American concert party which had built up a 21 per cent stake.

However, Crescent, which is strongly opposed to unitisation, made clear afterwards that it hopes the unitisation procedure will be blocked. The existing trust must first be put into liquidation, and the motion permitting this will require support from 75 per cent of shareholders voting.

"We are confident that we will maintain a 30 per cent-plus vote," the trust said. "This is a major victory".

Crescent also pointed out that 97 per cent of the votes in favour of unitisation came from just six shareholders. It claimed that more than 800 small shareholders supported the trust's continued existence.

Steetley makes Spanish purchase

Steetley, building materials group, is to buy a quarrying and ready-mixed concrete operation near Madrid as part of its plan to become a leading aggregates producer to Spain. The price to be paid for Canteras La Pola was not disclosed.

Steetley already makes roadstone from blast-furnace slag in northern Spain. The group recently became the largest aggregates group in France something it may try to repeat in Spain.

La Pola reported sales of about £4.5m in 1987. It produces aggregrates and railway ballast.

With the addition of La Pola, Spain is expected to account for 5 per cent of Steetley's sales, compared with 18 per cent from France, 13 per cent from North America and the rest from the UK.

Ulster TV higher

Ulster Television reported pre-tax profits up from £1.04m to £1.22m in the six months to the end of January 1988 on turbnover of £11.57m, against £10.16m. Earnings per share were 8.01p, against 6.79p and the interim dividend has been raised from 1.7p to 2p.

Television operating profit was up 22 per cent at £1.08m (£881,000).

Exceptional credits push Neill to 68% rise

BY VANESSA HOULDER

James Neill Holdings, the UK's largest hand and garden tools manufacturer, announces a 68 per cent increase to 1987 pre-tax profits to £7.61m, from £4.52m.

The result, achieved on turnover up 4 per cent to £82.96m (£79.9m), reflected a reduction in interest charges from £2.33m to £1.3m, and a £1.56m exceptional item.

Mr Hugh Neill, chairman, described 1987 as a year of solid achievement, during which excellent progress was made with reorganisation and re-equipment plans. The absorption of Spear & Jackson and the relocation or closure of several parts of the business had been completed, he said.

The cost of the aborted $10m acquisition of The Disston Company, a US hand tool manufacturer, which foundered in October when a condition of the offer could not be satisfied, was high, said the company, as the underwriting of the rights offer had already been arranged.

The resulting £860,000 cost had been charged as an extraordinary item, along with £563,000 resulting from closure costs and losses on sales of businesses.

Despite the disruption caused by the reorganisation, turnover of UK companies increased 7 per cent to £58m, excluding discontinued businesses, while operating profits advanced 27 per cent.

Sales by overseas subsidiaries, which accounted for 27 per cent of turnover, were up 9 per cent after excluding businesses disposed of in 1986 and the effects of currency movements which held back sales by £2.5m.

The exceptional item comprised a £2.28m charge for reorganisation and relocation costs, a £941,000 pension fund refund, a £2.56m loss of profit element from fire insurance stemming from a major factory fire in 1986, and £339,000 profit on sales of property. Around £8m was spent on new plant and machinery during the year. This, together with the unforeseen Disston cost and higher than expected reorganisation costs, increased gearing to 40 per cent at the end of the year. The company hoped to reduce that by 5 per cent in the course of the year.

Earnings per share rose 70 per cent to 22.1p (13p), following a marginally lower tax charge. A final dividend of 5p per share makes the total 8p (7.3p).

● **comment**

If 1987 was a year of rationalisation and recovery for James Neill, 1988 should prove one of expansion and growth. With its years of disruption now firmly behind it, Neill can concentrate on improving products and the product range, further increasing productivity and expanding the geographical spread. On that score, it is undeterred by its expensive disappointment over Disston and is actively looking to expand its footholds in West Germany and the US. Meanwhile at home, a further £4m of investment will be pumped in to boost capacity - which should help Neill make the most of booming markets such as that of building tools. All this, together with continued improvements in productivity and margins - plus benefits to the tune of £2.5m from recent rationalisation - should help Neill clear £8.5m this year. That puts the shares, up 1p to 198p, on an undemanding rating of 8.5.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Drayton Consol ......int	3.3	–	3	–	12
Eastern Produce ......fin	7.5	–	7.5	10	10
Grand Central ......fin	0.5	July 5	0.3	0.8	0.55
Huntleigh Tech.§......fin	nil	-	0.5	0.5	1
Neill (James) ......fin	5	July 1	4.8	8	7.3
Plastic Const. ......fin	2.8	-	1.92	2.8‡	2.8
Secs of Scotland ......fin	2.4	June 27	2	3.6	3
TR Natural Res ......fin	0.63	-	1.19*	1.55◆	2.06*
Ulster TV ......int	2	–	1.7	–	3.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¢Third market. ‡For 15 month period. ◆For 9 month period.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
?	F.P.	-	195	185	Acre Oil 50p	185	-4	W3.5	2.1	2.5	25.2
132	F.P.	-	150	136	‡Assoc. Nursing Servs 10p	138	+2	b2.0	3.6	1.9	18.4
95	F.P.	12/5	98	94	‡B.W.D. Securities	94		u3.75	3.3	5.3	7.6
330	120	-	80	70	British Petroleum	75	-2½	R12.5	1.5	5.8	14.2
180	F.P.	-	98	80	‡Central Motor Auctions	95		u2.5	2.0	2.8	14.1
-	F.P.	-	14	4	Colless Hldgs. Wrrnts	14		-	-	-	-
85	F.P.	-	108	83	‡Dudley Jenkins 5p	106		R2.7	2.4	3.4	16.3
‡210	F.P.	-	221	213	‡Freeman Group 10p	218	-2	u6.75	2.8	4.1	11.5
‡125	F.P.	-	141	125	‡Handley-Walker 5p	141	+3	u3.3	2.4	3.1	15.6
140	F.P.	16/6	148	140	‡Holders Technology 10p	141		u6.0	2.0	5.7	11.6
‡64	F.P.	29/4	80	64	‡Hughes (H.T.) 10p	76		b2.25	2.1	3.9	14.3
73	F.P.	22/4	81	74	‡MTL Instruments Grp 10p	74	-1	u2.0	3.3	3.6	11.3
95	F.P.	-	86	81	Merchant Manufactory Est.	81	-2	u3.0	1.6	4.9	6.7
-	F.P.	-	57	40	Marlowe "S"	57		-			
‡90	F.P.	-	101	95	‡Norris Ashby 10p	95	+2	R3.37	2.3	4.7	9.5
-	F.P.	-	13	5	Oceonics Group Wrrnts	11½	-1				
14	F.P.	25/4	18	15	‡Resort Hotels 10p	17½		R0.42	2.5	3.2	14.3
85	F.P.	-	86	83	‡Total Systems 5p	85		R2.5	2.1	3.9	15.9
‡50	F.P.	13/4	63	60	‡Transrap	60	-1	b2.0	2.0	4.4	15.4
135	F.P.	22/4	151	136	U.K. Paper 10p	141		R5.0	2.8	4.8	8.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	113p	111p	Adscene group 7½pc Cv. Cm. Rd. Pf.	111p	-2
100	F.P.	-	116p	101p	B.M. Group 4.6pc Net Cv Cm Rd Pf 20p	101p	
100	F.P.	-	76p	69p	Emery International 5½pc Cv Cm Rd Pf	75p	-1
100	£25	19/8	25¼	24¼	London Merc. Secs. 10% 1st Mort. 2018	24½	-¼
100	F.P.	-	113p	100p	Low (Wm.) 6.75pc Cm Cv Red Prf £1	113p	
-	F.P.	-	100⅛	100	N'wide Anglia 9⅞ Bd Red 13.3.89	100⅛	+⅛
-	F.P.	-	100⅛	100	Do. 9⅞pc Bd 17.4.89	100⅛	+1/16
100	F.P.	29/4	107p	100p	‡Southnow 7.25p Con.Red.Pfg.Prf. £1	104p	
100	F.P.	-	35p	23p	Systems Des. 6½pc Cv Cm Rd Prf £1	29p	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
35	Nil	24/5	11pm	7pm	Comcraft Holdings 5p	11pm	
28	Nil	1/6	41pm	25pm	F & H Group 10p	41pm	
55	Nil	27/5	35pm	25pm	Kleen-E-Ze	30pm	+5
800	Nil	25/5	52pm	22pm	Lucas Inds. £1	22pm	-2
140	Nil	20/5	40pm	26pm	Persimmon 10p	38pm	
91	Nil	-	29pm	21pm	Power Corp. [illegible]	22pm	
4	Nil	-	65	20	Systems Designers 5p	20	-1
91	Nil	17/6	7pm	1½pm	Tootal	2½pm	+¼
225	Nil	6/6	37pm	30pm	Wickes	35pm	
25	Nil	9/6	10pm	5pm	‡Williams (J)	9pm	+½

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. F Estimates annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. H Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ◆ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ◆ Official London listing. □ Including warrants entitlement. * Third Market.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	THURSDAY APRIL 21 1988: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	WEDNESDAY APRIL 20 1988: US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX: 1988 High	1988 Low	Year ago (approx)
Australia (89)	119.89	+0.8	93.62	106.09	4.09	118.88	93.08	105.44	122.31	91.16	129.10
Austria (16)	92.10	+0.2	71.93	79.49	2.64	91.94	71.99	79.24	98.18	84.35	92.44
Belgium (65)	126.77	-0.4	99.00	109.42	4.56	127.28	99.66	109.86	139.89	99.14	119.61
Canada (126)	122.84	-1.0	95.93	109.72	3.00	124.05	97.13	110.31	125.49	107.06	128.03
Denmark (39)	119.89	+0.4	93.62	104.19	2.77	119.43	93.51	103.83	123.96	111.42	112.91
Finland (25)	126.64	+0.6	98.90	105.82	1.98	125.84	98.53	105.01	127.89	106.78	—
France (121)	88.04	+0.8	68.75	78.03	4.32	87.34	68.39	77.41	88.72	72.77	119.94
West Germany (99)	78.10	-0.7	60.99	67.55	2.71	78.65	61.58	68.02	80.79	67.78	94.66
Hong Kong (46)	100.68	-1.1	78.63	100.99	4.51	101.79	79.70	102.08	105.83	84.90	107.30
Ireland (18)	120.91	+1.2	94.42	106.18	4.18	119.51	93.57	104.95	123.91	104.60	119.39
Italy (102)	77.39	-2.4	60.44	71.51	2.62	79.31	62.09	73.23	81.74	62.99	109.84
Japan (457)	172.72	-0.7	134.88	135.55	0.52	173.88	136.14	136.23	177.27	133.61	156.56
Malaysia (36)	129.11	+0.4	100.83	127.77	2.83	128.59	100.69	127.18	129.74	107.83	151.61
Mexico (14)	141.21	+2.0	110.27	351.71	1.01	138.43	108.39	344.63	176.90	90.07	151.82
Netherland (38)	109.47	+0.3	85.49	93.21	4.96	109.19	85.50	92.97	110.66	95.23	114.92
New Zealand (22)	76.59	+0.0	59.81	61.03	5.40	76.58	59.96	61.17	79.15	64.42	95.19
Norway (25)	125.53	-0.7	98.03	104.53	2.82	126.37	98.94	105.53	129.29	98.55	133.51
Singapore (26)	108.62	+0.5	84.82	100.24	2.49	108.07	84.62	99.70	114.93	97.99	126.13
South Africa (60)	125.44	-1.8	97.96	79.65	5.26	127.75	100.03	81.11	139.07	118.16	178.12
Spain (42)	152.21	-0.6	118.86	126.96	3.35	153.07	119.85	127.67	155.36	130.73	115.95
Sweden (38)	120.21	+0.1	93.88	104.06	2.71	120.05	94.00	103.92	124.75	96.92	121.39
Switzerland (56)	80.55	-0.2	62.91	68.67	2.50	80.73	63.21	68.82	86.75	76.22	97.61
United Kingdom (330)	141.18	+0.6	110.25	110.25	4.33	140.37	109.91	109.91	141.18	123.09	130.18
USA (583)	104.38	+0.1	82.51	104.38	3.67	104.32	81.68	104.32	110.51	99.19	117.62
Europe (1014)	110.19	+0.1	86.05	91.27	3.84	110.13	86.23	91.33	110.71	97.01	115.82
Pacific Basin (676)	167.81	-0.6	131.04	132.95	0.71	168.86	132.22	133.59	172.26	130.81	153.68
Euro-Pacific (1690)	144.77	-0.4	113.06	116.39	1.67	145.38	113.83	116.81	147.53	120.36	138.58
North America (709)	105.37	+0.0	82.29	104.72	3.63	105.38	82.51	104.70	111.28	99.78	118.17
Europe Ex. UK (684)	91.00	-0.4	71.06	79.35	3.40	91.39	71.56	79.68	92.81	80.27	106.96
Pacific Ex. Japan (219)	108.56	+0.1	84.78	99.67	4.20	108.41	84.89	99.66	111.82	87.51	118.53
World Ex. US (1890)	143.82	-0.4	112.32	115.89	1.74	144.47	113.12	116.32	146.49	120.26	138.63
World Ex. UK (2143)	127.40	-0.4	99.49	112.12	2.12	127.89	100.13	112.45	130.28	111.77	130.45
World Ex. So. Af. (2413)	128.63	-0.3	100.45	112.17	2.32	128.99	101.00	112.42	130.96	113.26	130.11
World Ex. Japan (2016)	107.44	+0.0	83.90	99.72	3.74	107.44	84.12	99.73	110.99	100.00	118.00
The World Index (2473)	128.61	-0.3	100.44	111.94	2.34	128.99	100.99	112.20	130.92	113.37	130.42

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115,037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,200	General Accident	583	Prudential	110
Allied-Lyons	3,400	General Elect.	4,700	Racal	18,000
Amstrad	1,500	Glaxo	1,800	Rank Org.	141
Argyll Group	1,000	Globe Investment	45	RMC	112
Assoc. Brit. Foods	80	Granada	1,400	RHM	444
BAA	4,400	Grand Met	2,200	Reckitt & Colman	478
BAT	1,100	GUS "A"	429	Redland	86
BET	1,100	Guardian R.E.	256	Reed Intl.	1,000
BICC	1,100	GKN	1,200	Reuters "B"	667
BOC	216	Guinness	332	RTZ	1,400
BPB Inds	454	Hammerson	188	Rolls-Royce	4,900
BTR	894	Hanson	13,000	Rothmans "B"	767
Barclays	3,300	Hawker Siddeley	1,300	Rowntree	3,000
Bass	191	Hillsdown Holdings	885	Ryl Bank Scotland	511
Beecham	639	IMI	1,100	Royal Insurance	1,300
Blue Arrow	2,700	ICI	2,100	STC	1,300
Blue Circle	1,400	Jaguar	1,800	Saatchi & Saatchi	720
Boots	953	Ladbroke	849	Sainsbury	367
Brit. Airways	4,300	Land Securities	2,000	Scott & Newcastle	1,700
Brit. Aerospace	1,700	Laporte	73	Sears	1,000
Brit. & Comm.	1,100	Legal & General	924	Shell Transport	1,400
British Gas	9,500	Lloyds Bank	1,500	Smith & Nephew	2,500
BP	3,800	LASMO	1,200	Standard Chartered	676
Brit. Telecom	5,100	Lonrho	2,500	Storehouse	3,900
Burmah Oil	988	Lucas	784	Sun Alliance	554
Burton	2,500	MEPC	1,200	T & N	61
Cable & Wireless	2,800	Marks & Spencer	1,500	TSB	2,500
Cadbury Schweppes	1,300	Maxwell Comm.	467	Tarmac	1,300
Coats Viyella	486	Metal Box	1,100	Tesco	1,900
Commercial Union	1,700	Midland Bank	1,700	THORN EMI	484
Cons. Gold	524	NatWest Bank	1,200	Trafalgar House	1,100
Cookson	370	Next	552	Trusthouse Forte	1,100
Courtaulds	3,200	Northern Foods	463	Ultramar	1,900
Dalgety	60	Pearson	210	Unilever	3,100
Dee Corporation	3,300	Pearl Group	911	United Biscuits	427
Dixons	1,700	P & O	407	Wellcome	841
English China Clays	701	Pilkington	2,300	Whitbread "A"	1,300
Enterprise Oil	764	Plessey	4,800	Williams Holdings	3,000
Fisons	10,000			Woolworth	494

ECONOMIC DIARY

TODAY: Talks between OPEC and non-OPEC oil-exporting countries, Vienna.

TOMORROW: Van Gogh painting expected to reach US$15m at Christie's auction. First round of French presidential elections.

MONDAY: EC Foreign Ministers start two-day meeting in Luxembourg. EC Transport Ministers start two-day informal meeting. Hol. US Secretary of State Mr George Shultz briefs NATO allies on outcome of Moscow trip. Mr John Butcher, Industry Minister, launches electrical safety campaign.

TUESDAY: CBI Industrial Trends Survey, second quarter, published. National Economic Development Council statement. Independent Broadcasting Authority makes "major policy statement." Mr David Lange, New Zealand Prime Minister, makes statement in London. Oil Ministers from OPEC and non-OPEC countries start meetings on measures to stabilise world oil markets (UK will not attend), Vienna (until April 28). EC Ministers of Women's Affairs informal meeting, Berlin. US Presidential primary, Harrisburg, Pennsylvania. Dun & Bradstreet conference on understanding insolvency, London.

WEDNESDAY: Figures for new construction orders in February. First quarter provisional figures for bricks and cement production and deliveries. TUC general council meeting, London. Labour Party national executive meets, London. Scottish Police Federation two-day conference opens, Peebles. Premiere of film "Wall Street," London. EC economic and social committee two-day meeting starts, Brussels.

THURSDAY: Quarterly house purchase finance statistics for first quarter. February energy trends. New vehicle registrations for March. EC Budget Ministers start two-day meeting in Luxembourg. EC Telecommunications Ministers informal meeting, Berlin. Wales TUC meeting (until April 30), Llandudno. Elections to set up four new autonomous provincial councils in Sri Lanka.

FRIDAY: February engineering indices of production and orders. Balance of payments current account and overseas trade figures for March. London sterling certificates of deposit (March). Bill turnover statistics (March). UK banks assets and liabilities, and the money stock (March). Sterling commercial paper (March). The Economist and the CBI hold joint conference in London on 1992: the new Europe - getting to grips with the competition.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday April 22 1988: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu Apr 21 Index No.	Wed Apr 20 Index No.	Tue Apr 19 Index No.	Year ago (approx) Index No.	1988 High	1988 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (207)	752.14	-0.8	10.11	3.99	12.38	6.84	758.03	755.80	761.95	845.71	778.88 18/3	706.80 6/2	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (29)	1011.94	-0.8	10.32	3.79	12.08	3.60	1020.21	1019.36	1027.08	1045.98	1049.17 18/3	937.68 6/2	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1597.02	—	9.22	3.31	14.35	11.47	1596.39	1591.06	1590.15	1385.53	1623.61 22/3	1385.83 4/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (12)	1987.36	-0.8	9.76	5.01	12.73	8.34	2002.38	1987.96	1986.08	2101.33	2119.41 4/3	1946.87 6/4	2733.45 20/7/87	84.71 25/6/62
5	Electronics (32)	1532.41	-0.8	10.77	3.48	12.12	11.94	1544.57	1533.85	1555.96	1908.97	1581.84 4/3	1425.66 9/2	2236.70 17/7/87	1229.81 8/10/85
6	Mechanical Engineering (56)	387.41	-0.9	10.14	4.48	12.48	5.07	390.79	390.67	393.88	473.85	403.88 18/3	367.26 6/2	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	447.76	-1.3	9.38	3.94	12.59	3.09	453.72	453.33	457.37	464.28	474.21 18/3	424.48 19/2	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	268.67	-0.9	11.82	4.56	9.88	4.79	271.07	272.36	275.03	327.95	295.13 18/3	259.79 5/4	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1232.56	-1.0	9.18	4.47	13.01	16.51	1245.52	1239.44	1249.99	1442.32	1299.50 18/3	1191.01 8/2	1736.88 22/9/87	277.56 15/1/81
21	CONSUMER GROUP (188)	1051.37	-0.7	8.75	3.53	14.56	5.33	1058.85	1056.75	1061.87	1163.49	1089.38 18/3	996.55 8/2	1406.32 16/7/87	61.41 11/12/74
22	Brewers and Distillers (21)	1069.86	-0.2	10.34	3.56	12.31	7.69	1070.73	1069.85	1071.65	1079.13	1093.86 18/3	951.87 8/2	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (23)	849.49	-0.8	9.38	3.93	13.68	8.45	856.56	860.34	869.68	881.38	869.60 19/4	803.46 6/4	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (16)	2106.85	-0.4	7.81	3.00	17.14	0.82	2114.54	2102.21	2110.27	2138.70	2179.42 18/3	1971.59 16/2	2649.96 16/7/87	54.25 11/12/74
27	Health and Household (12)	1768.67	-0.9	7.00	2.69	16.99	5.26	1785.06	1780.15	1790.13	2170.06	1927.94 18/3	1708.33 13/1	2499.85 16/7/87	175.38 28/5/80
29	Leisure (30)	1271.01	-0.8	7.98	3.72	16.08	10.89	1281.67	1269.79	1277.40	1252.35	1318.68 18/3	1142.19 4/1	1504.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (17)	484.28	-0.7	9.09	3.96	14.42	3.75	487.65	484.84	484.39	602.54	524.57 4/3	473.11 6/4	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3311.75	-0.5	8.26	4.47	15.09	7.74	3329.04	3327.83	3346.38	3466.23	3632.06 4/3	3295.01 8/2	5070.66 5/10/87	55.08 6/1/75
34	Stores (35)	832.45	-1.1	9.13	3.70	14.69	1.54	841.66	839.55	834.94	1017.28	859.85 28/1	789.39 10/2	1166.58 29/7/87	52.63 6/1/75
35	Textiles (18)	586.21	-0.5	11.61	4.21	9.90	0.44	589.19	594.08	594.37	690.66	613.56 5/1	546.27 19/2	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (93)	858.18	-1.1	11.02	4.37	11.35	7.66	867.86	863.55	867.52	983.94	912.74 18/3	834.42 8/2	1192.48 8/10/87	58.63 6/1/75
41	Agencies (19)	1135.47	-1.2	7.15	2.34	18.04	2.98	1148.95	1144.72	1151.29	1389.69	1219.82 18/3	1016.74 6/2	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (20)	981.88	-1.0	12.28	4.94	10.04	19.27	992.18	991.73	995.72	1193.45	1121.86 6/1	971.71 5/4	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (14)	1142.28	-0.7	10.17	4.56	11.49	5.66	1150.14	1149.78	1153.43	1258.09	1206.32 4/3	1095.37 4/1	1547.01 8/10/87	975.19 10/11/87
45	Shipping and Transport (12)	1881.98	-0.9	9.79	4.51	13.52	21.37	1898.22	1896.50	1901.02	1992.16	1992.59 23/3	1718.96 4/1	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	944.85	-1.6	11.39	4.36	11.69	0.00	960.00	947.52	953.83	1062.09	998.54 18/3	880.24 12/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (26)	1109.83	-1.0	12.90	4.54	9.38	18.12	1120.82	1115.37	1119.85	1296.21	1217.40 23/3	1103.13 5/4	1773.78 5/10/87	60.39 6/1/75
49	INDUSTRIAL GROUP (488)	931.38	-0.8	9.72	3.88	12.97	6.66	939.29	936.38	941.32	1044.79	971.78 18/3	887.00 6/2	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (12)	1811.52	-2.0	10.57	5.66	12.29	37.57	1848.11	1852.04	1874.40	1838.94	1874.40 19/4	1699.17 13/1	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1005.49	-1.0	9.84	4.14	12.86	9.25	1015.87	1013.54	1019.90	1111.97	1047.40 18/3	958.79 5/2	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (122)	663.19	-1.1	—	4.95	—	10.54	670.26	667.63	666.90	696.07	688.20 18/3	630.82 8/2	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	614.05	-1.4	24.53	6.62	5.47	16.84	623.02	620.16	622.00	753.05	694.27 4/3	610.26 7/4	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	975.99	-1.8	—	5.14	—	28.39	993.56	983.11	966.44	937.62	1031.34 18/3	938.43 9/2	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	528.57	-1.1	—	5.60	—	8.40	534.58	535.80	536.15	531.99	543.99 4/3	481.43 6/2	787.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	892.26	-0.1	12.59	7.12	11.25	16.98	893.27	893.65	894.28	1119.99	945.88 22/1	823.41 6/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	347.56	-0.5	—	4.14	—	3.61	349.30	347.15	347.87	365.89	361.64 15/3	334.73 5/4	547.59 12/10/87	31.21 7/1/75
69	Property (51)	1152.85	-0.6	4.82	2.69	26.56	3.62	1160.28	1155.98	1152.42	992.38	1168.28 21/4	975.44 4/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	388.07	-0.4	9.97	4.30	12.59	3.61	389.75	389.65	393.15	455.44	401.37 22/3	370.51 8/2	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (82)	863.07	-1.8	—	2.95	—	5.49	872.82	868.64	872.42	964.67	891.36 18/3	784.91 4/1	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	448.51	-0.1	10.37	4.19	10.98	2.81	449.04	439.99	448.93	480.89	472.43 18/3	385.04 6/2	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1031.70	+0.2	10.40	5.25	11.28	14.93	1029.47	1005.38	1018.55	931.28	1047.15 18/3	949.88 4/1	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (714)	914.55	-1.0	—	4.23	—	9.25	923.67	920.88	925.79	1081.33	951.46 18/3	870.19 8/2	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Apr 21	Apr 20	Apr 19	Apr 18	Apr 15	Year ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1771.6	-20.3	1789.5	1769.1	1791.9	1786.8	1798.9	1787.8	1778.6	2003.5	1885.5 18/3	1694.5 6/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Apr 22	Day's change %	Thu Apr 21	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.66	-0.38	124.13	—	3.76
2	5-15 years	140.99	-0.89	142.26	—	4.46
3	Over 15 years	149.28	-0.88	150.60	—	5.65
4	Irredeemables	170.16	-0.82	171.56	—	1.54
5	All stocks	137.71	-0.72	138.71	—	4.37
	Index-Linked					
6	5 years	126.34	-0.21	126.60	—	0.51
7	Over 5 years	119.46	-0.85	120.48	—	1.18
8	All stocks	119.86	-0.78	120.80	—	1.12
9	Debentures & Loans	120.19	-0.05	120.24	—	2.67
10	Preference	90.54	-0.06	90.60	—	1.98

	AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 22	Thu Apr 21	Year ago (approx.)	1988 High	1988 Low
	British Government						
1	Low	5 years	8.58	8.49	8.19	9.14 13/1	8.38 18/4
2	Coupons	15 years	9.12	8.97	8.75	9.83 13/1	8.90 18/4
3		25 years	8.97	8.90	8.76	9.57 13/1	8.82 18/4
4	Medium	5 years	9.07	8.86	8.90	9.85 13/1	8.75 18/4
5	Coupons	15 years	9.33	9.20	8.97	10.01 13/1	9.12 15/3
6		25 years	9.17	9.10	8.97	9.79 13/1	8.99 14/3
7	High	5 years	9.17	8.96	9.06	9.94 13/1	8.84 18/4
8	Coupons	15 years	9.47	9.34	9.10	10.16 13/1	9.26 15/3
9		25 years	9.23	9.12	8.92	9.82 13/1	9.03 15/3
10	Irredeemables †		8.86	8.73	8.89	9.51 13/1	8.65 18/4
	Index-Linked						
11	Inflation rate 5%	5yrs.	2.33	2.23	2.85	3.08 8/1	2.09 30/3
12	Inflation rate 5%	Over 5 yrs.	3.76	3.70	3.52	4.27 13/1	3.67 13/4
13	Inflation rate 10%	5 yrs.	1.36	1.25	2.29	3.59 13/1	1.09 30/3
14	Inflation rate 10%	Over 5 yrs.	3.59	3.53	3.41	4.37 13/1	3.50 20/4
15	Debs &	5 years	10.82	10.80	9.75	11.08 13/1	10.70 12/4
16	Loans	15 years	10.61	10.60	9.93	11.07 1/1	10.51 19/4
17		25 years	10.61	10.60	9.99	11.11 1/1	10.51 19/4
18	Preference †		9.94	9.93	10.41	10.84 4/1	9.92 18/4

♦Opening index 1789.3; 10 am 1786.1; 11 am 1778.3; Noon 1775.3; 1 pm 1770.0; 2 pm 1769.2; 3 pm 1773.1; 3.30 pm 1773.0; 4 pm 1772.9

NAME CHANGES: Barnett & Hallamshire is now NSM and Country & New Town is now Pennant Properties.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

UK 'vexed' at Tokyo stance on SE

BY CARLA RAPOPORT IN TOKYO

SIR GEOFFREY LITTLER, second permanent secretary of the UK Treasury, said in Tokyo yesterday that the issue of a further expansion of membership on the Tokyo Stock Exchange remains unsettled.

Following bilateral talks this week with Japan's Ministry of Finance, Sir Geoffrey said: "I am satisfied that there is a great deal of goodwill. But I find it vexing, given the technology and expertise of the Japanese, that we are tied by the size of the room."

The Japanese side has maintained that its exchange does not yet have the physical space to admit more members.

Earlier this year Lord Young, Minister for Trade and Industry, announced in Tokyo that the issue of more TSE seats for foreigners would be solved by the end of the year. Four UK firms were granted seats last year, as part of the second expansion of TSE membership.

The UK is specifically pressing for a membership for Barclays de Zoete Wedd. James Capel, the London broking subsidiary of Hongkong and Shanghai Bank, would also like to join.

The UK side also brought up the issue of access to Japan's investment advisory business. Earlier this week, the Ministry of Finance announced it would put forward a bill in the next session of the Diet (parliament) to widen the scope of firms eligible to give investment advice on government pension fund management.

The ministry yesterday said the bill would not specifically mention foreigners, but would widen the pool of eligible companies beyond life assurance companies and trust banks. That bill would be introduced sometime during the session which begins in December, it said.

The Japanese side brought two requests to the British officials. First, it asked for a UK banking license for Hokuriku Bank, a regional bank based in central Japan. Second, it requested that Japanese securities firms be given the right to lead manage Eurosterling bonds.

Sir Geoffrey said that in banking licences, approval for Japanese companies would have to be given in stages. As several were approved last year, Hokuriku Bank may have to wait.

The matter of lead management, he said, was less clear. "We are prepared for it on a reciprocal basis," he said. Japanese officials admit that no foreigners have lead managed similar fund raising activities in Japan, although the market is technically open to them.

●The Bank of England has added Daiwa Securities to its list of recognised primary dealers in the gilt-edged market, David Lascelles adds.

Daiwa becomes the second Japanese securities house to obtain recognition, following Nomura last month. Its entry brings the total number of dealers to 25.

Although gilt dealerships are supposed to be outside the horse-trading between the UK and Japan over access to each other's markets, the admission of a new Japanese member to the gilts market will be seen as a further concession by the British side.

Cardo seeks to raise stake in Gambro

By Sara Webb in Stockholm

TRADING IN the shares of Gambro, the Swedish manufacturer of kidney dialysis and intensive care equipment, was halted yesterday when it emerged that Cardo, the industrial holding company which already owns a controlling stake in Gambro, is seeking to increase its shareholding still further.

Cardo, an affiliate of the Volvo motor and energy group, is in talks about buying a stake from Skandinaviska Enskilda Banken, the leading commercial bank which owns 17.5 per cent of the capital and 8.3 per cent of the votes in Gambro.

S-E Banken was underwriter for Gambro's share issue last autumn and was left with 90 per cent of the shares as a result of the stock market crash.

Gambro's shares have been trading at around SKr100 to SKr110 recently, so Cardo would have to pay about SKr450m ($77m) for the stake. Full details are expected next week.

Cardo already controls 50.2 per cent of the votes and 32 per cent of the capital of Gambro, but insists that it will not make a complete takeover bid as it wants Gambro to remain a separately listed company.

Cardo showed profits (after appropriations and taxes) of SKr193m on turnover of SKr3bn last year. The group's share portfolio is valued at about SKr3bn.

Michelin earnings rise 39% despite slow sales

BY GEORGE GRAHAM IN PARIS

MICHELIN, THE French tyre producer, has reported a 39 per cent increase in net profits for last year to FFr2.65bn ($469m), on sales that grew only 1 per cent to FFr46.9bn.

The group benefited from the booming new car market, but its truck tyre business and replacement sales also performed well, with volume up 6.2 per cent, compared with 2.8 per cent in 1986.

Manufacture Francaise des Pneumatiques Michelin, the French division of the group, returned to a small profit of FFr125m, after losing FFr54m in 1986. Sales rose 4 per cent to FFr18.9bn. The results include a special restructuring charge of FFr382.2m, already largely provisioned in 1986.

The French arm, whose debt has built up to over FFr5bn, is at the moment hit by a strike over pay conditions.

Compagnie Financière Michelin, the Basle based holding company which groups Michelin's worldwide operations outside France and accounts for about 70 per cent of sales, reported profits up 32 per cent at SFr465m ($338m), on sales falling 3 per cent to SFr8.4bn. In dollar terms CFM's sales would have shown an increase of 24 per cent.

The movement of the exchange rate puts the overall Michelin group's sales in dollars at $8.79bn, well ahead of the tyre sales figure of Goodyear, the world's leading producer.

In French franc terms, group cash-flow was held in check at FFr5.06bn, but capital investment rose by 35 per cent to FFr2.95bn.

Group operating ratios have improved steadily since 1985, when it emerged from several years of losses.

Icahn makes revised offer for rest of TWA

BY RODERICK ORAM IN NEW YORK

PUBLIC SHAREHOLDERS of Trans World Airlines have received a new offer from Mr Carl Icahn, the New York investor, for the 23 per cent of the company's stock he does not already own.

He dropped an earlier plan to take the airline private, after the October market crash pushed its shares well below his original offer. Since then, he has increased his stake from 73 per cent to 77 per cent in the airline, which has turned in a sharply better performance under his management.

Under the new offer, public shareholders would receive for each TWA share $20 in cash and $29 in face value of a 12 per cent 20-year subordinated debenture, valuing the company as a whole at about $1.47bn. The shares jumped $7 to $35¼ on the news. The previous offer was $20 cash and $25 in securities.

TWA said it reserved the right, however, to amend the offer if there was a "material change" in the price of the 20m Texaco shares TWA owns. Mr Icahn has used the airline as a corporate vehicle in his attempts to force his restructuring plans on the oil company which has just emerged from bankruptcy court protection.

Icahn companies holding 77 per cent of TWA's stock would receive $20 cash and a combination of retained common shares and new preferred shares in the new company. Employees would own about 10 per cent of the common shares in the airline after it became private.

The transaction would generate some $460m in cash for Mr Icahn to use either in his Texaco fight or some other corporate battle.

TWA also announced yesterday a first quarter loss of $52.5m, or $2.20 a share, against a loss of $54.8m, or $2.24, a year earlier. It said, though, that its operating loss of $7.76m, against $24.3m a year earlier, was its best performance in the first quarter, traditionally its toughest, in more than 20 years. Revenues rose to $920.2m from $824m. For all of last year it reported net profit of $106.2m or $1.65 a share.

Farmers up 25%, warns on underwriting result

BY OUR FINANCIAL STAFF

FARMERS GROUP, the US insurer fighting a $4.5bn bid by BAT Industries of the UK, boosted first-quarter net earnings by 25 per cent but warned that catastrophe losses would hit its final underwriting results for the quarter.

Net profits rose from $56.9m or 82 cents a share to $71.3m or $1.04. The 1987 period includes losses from the discontinued group accident and health business at Ohio State Life Insurance.

Revenues in the latest quarter were $287.6m against $267.8m, reflecting higher average premium levels, some growth in average policies in force, and $5m in miscellaneous fees which were waived in 1987.

Mr Leo E. Denlea, chairman and chief executive, said: "Exclusive of catastrophe losses, the pooled combined ratio of the managed property and casualty insurance exchanges continued to improve.

"However, catastrophe losses, particularly from a severe Oklahoma hailstorm in late March, will negatively impact final first quarter underwriting results."

Higher margins boost Texas Instruments

By Our New York Staff

TEXAS INSTRUMENTS, a leading US electronics, computer and defence group, has reported sharply higher earnings from operations thanks in part to a sharp improvement in semiconductors. A big reduction in other income such as royalty payments resulted, however, in lower net earnings.

Net profits for the first quarter ended March 31 were $78.6m, or 95 cents a share, against $86.2m, or $1.12, a year earlier. Net sales billed rose to $1.47bn from $1.28bn.

Although the net was close to Wall Street forecasts, analysts were disappointed that operating earnings of $53.6m against $19.1m a year earlier did not contribute more to the bottom line.

Semiconductor operations benefited from substantially higher volume and margins. TI forecasts the US semiconductor market will grow 20 per cent this year to $12.4bn, while the world market grows 25 per cent to $40.5bn, with Europe seeing only moderate growth in comparison with fast expansion in Japan and other Asian markets.

In the latest quarter, TI's profits from defence electronics was "essentially unchanged," in spite of a slightly higher volume. Digital products such as computers generated a loss because of investment in such areas as industrial automation and artificial intelligence.

Cingano confirmed as new Mediobanca chief

BY JOHN WYLES IN ROME

MR FRANCESCO Cingano, president of Banca Commerciale Italiana, was yesterday confirmed as the new president of Mediobanca, Italy's most powerful commercial bank.

Mr Cingano, 65, takes over from Mr Antonio Maccanico who has been appointed Minister of Institutional Reform in the new Government headed by Mr Ciriaco De Mita.

The new Mediobanca president, confirmed in office by the bank's board of directors yesterday, has spent virtually all his professional life at BCI and took over the top job in January of last year. He is a central member of the Italian business establishment and will seek to maintain Mediobanca's pivotal role in its newly privatised form.

His departure from BCI has set in chain a number of appointments in the midst of the Milan bank's bid for the Irving Trust bank in New York.

He will be succeeded by another lifetime employee at BCI, Mr Enrico Braggiotti, 65, who has been its managing director since 1984. BCI's new managing director will be Mr Mario Arcari, 56, and a close collaborator of Mr Braggiotti's.

Generali denies planning hostile takeover of Midi

BY OUR ROME CORRESPONDENT

ITALY'S ASSICURAZIONI Generali has denied it is planning a hostile takeover bid for Compagnie du Midi, the diversified French insurance and industrial group in which it has built up a 13.6 per cent stake.

In a move designed to clear up confusion about the intentions of Europe's third largest insurance group, Generali said it still hoped to reach co-operation agreements with Midi on technical and organisational levels. The Trieste-based company excluded any other objectives, "especially those of an aggressive character

Its declaration amounts to an embarassing denial of a statement made earlier this week to the Italian newspaper Il Sole 24 Ore by Mr Enrico Randone, Generali president, who said his company intended to acquire control of Midi.

Mr Randone added that "defensive measures" adopted by Midi, including a Ffr4.8bn ($850m) convertible bond issue, went in a direction which the Italian company had not expected.

In a previous interview with a French weekly, Mr Randone indicated that he was prepared to spend up to L1,500bn to acquire a 30 per cent stake in Midi.

Ciba-Geigy expects to maintain profits

CIBA-GEIGY, THE Swiss chemical company, expects 1988 group earnings to be broadly maintained. In 1987 they totalled SFr1.1bn ($802.9m), writes John Wicks in Zurich.

In the first quarter of this year group sales amounted to SFr 4.38bn an increase of 6 per cent. In terms of local currencies, excluding those of high-inflation coutries, growth was of some 12 per cent. All divisions contributed to the improvement.

Lafarge bids to lift Natl. Gypsum stake above 50%

BY OUR FINANCIAL STAFF

LAFARGE COPPEE, the French cement group, has offered $47.5m for 1.9m shares of Aancor Holdings, the unlisted parent company of National Gypsum.

Lafarge said the bid would push its stake in Aancor to slightly more than 50 per cent from the current level of 36.5 per cent. It said the offer is being made purely as an investment and that it does not intend to take any direct role in management of the US concern.

If current management and other leading shareholders accept the bid, Lafarge will transfer its holdings in Aancor to an independently managed trust. However, the offer will not change the terms of a leverage buyout through which Aancor became the parent of National Gypsum.

Lafarge, one of the world's biggest cement manufacturers, achieved a net income of FFr1.18bn ($205m) in 1986 on turnover of FFr16.9bn.

National Gypsum's main activity is gypsum products and its Gold Bond division is the second biggest distributor and manufacturer of wallboard in the US. National Gypsum had 1987 turnover of $1.4bn.

WORLD COMMODITIES PRICES

Week in the Markets

MIXED FORTUNES were seen on the London Metal Exchange this week with copper prices losing further ground, nickel and zinc testing the highs, and aluminium staging a late recovery.

Nickel's renewed strength was largely due to more bad news from the Dominican Republic. The dispute over ferro-nickel export duties between the Dominican Government and Falconbridge Dominicana, the local subsidiary of the Toronto-based mining conglomerate, remains unresolved and, judging by recent Falconbridge announcements, a solution is not on the immediate horizon.

The market's hopes for an early resumption of Dominicana supplies of ferro-nickel, which normally account for about 5 per cent of the world total, were not encouraged when it was announced early in the week that the company, which has a stockpile of 6,000 tonnes stranded in the Caribbean republic, was halting Dominican production.

Then came rumours, later confirmed, that it was declaring *force majeure* on ferro-nickel shipments contracted to some US customers.

Prices rose sharply in response but were trimmed yesterday. The cash price on the LME, which had reached $18,550 a tonne on Thursday, ended $1,050 higher on the week after shedding $400 yesterday on what dealers described as "stale bull liquidation".

Meanwhile the LME cash zinc price moved up, steadily but unspectacularly, to end at a 13½-year peak of £583.50 a tonne, up £23 on the week. The zinc market has been fundamentally strong for some weeks, reflecting low stock levels and good demand from the galvanising sector.

Traders appeared to shrug off news that Cominco of Canada, which this week raised its price for zinc sold outside North America to $1,030, was planning to expand the capacity of its zinc smelter at Trail, British Colombia, from 300,000 tonnes to 400,000 tonnes a year over the next four years if prices for the metal remained strong.

In contrast the copper market continued to retreat on the strength of expectations that the supply/demand deficits which had driven them higher earlier in the year will turn into surpluses in the fairly near future.

The cash copper price rallied by £42.50 yesterday but still ended the week £54.50 down at £1,167.50 a tonne a tonne, following falls of £82 and £52.50 in the two preceding weeks.

Aluminium prices were following the same trend until yesterday when cash high grade metal bounced up by $105 to close with a gain on the week of $20 at $2,410 a tonne. That followed a 2-week decline of $580 a tonne.

Once again the biggest fall of the week was seen in the Baltic International Freight Futures market. Biffex — as it is known — followed last week's 137 points fall in the July position with one of 182 points this week to 1,199 (trading is based on $10 per index point). The underlying Baltic Freight Index fell 112 points on the week to 1,415.5.

Mr James Gray, of GNI Freight Futures, said the fall represented a continued retreat from earlier highs. "With charterers backing off and owners falling over themselves to find business the fall in rates has turned into a vicious circle," he said.

On a more cheerful note, Mr Patrick Neave, the Biffex secretary, announced that the week's trading reached a record level of 5,300 lots. And Mr Gray noted that some buying was coming back into the futures market. "We're now back to the rates ruling before the bull run began in January," he said . . . "and there are signs that this level may hold."

London coffee futures also lost further ground, but the fall was much more modest and was blamed mainly on currency factors. Nevertheless the July position touched a 5½-year low before recovering a few pounds yesterday to end £35 down on the week at £1,100 a tonne.

The International Coffee Organisation, which tries to stabilise the world market through an export quota system, will be holding its mid-year council session on Monday. Delegates will be seeking the beginnings of a consensus on the terms for the renegotiation of the pact, which expires at the end of September next year. Other matters coming up for discussion are likely to include the controversy over alleged cut-price sales to non-member countries.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1987/88	Low 1987/88
Gold per troy oz.	$449.25	-7.00	$465.00	$499.5	$390.25
Silver per troy oz	339.45p	-3.80	554.45p	653.6p	339.45p
Aluminium 99.7% (cash)	$2410	+20	-*	$2980	$1595
Copper Grade A (cash)	£1167.50	-54.50	$870.50	£1707.5	£870.25
Lead(cash)	£341	+1.5	£357.50	£446	£288.75
Nickel (cash)	$18450	+1050	£2367.50	$22200	$3424.5
Zinc (cash)	£583.5	+23.0	£460.50	£606	£441.5
Tin (cash)	£3635	-5.0	£4175	£4625	£3640
Cocoa Futures (Jly)	£896		£1320.5	£1439.5	£895
Coffee Futures (Jly)	£1100	-35	£1382.5	£1855.5	£1125
Sugar (LDP Raw)	$226.20	+3.60	$170	$265.4	$139.5
Barley Futures (Sep)	£98.40	+0.15	£98.00	£118.55	£95.3
Wheat Futures (Jly)	£104.60	-1.35	£123.95	£125.5	£98.75
Cotton Outlook A index	65.90c	-0.30	67.85c	87.8c	62.85c
Wool (64s Super)	610p	+5	471p	610p	416p
Rubber (Spot)	65.75p	+0.25	62.0p	71.5c	59.5c
Oil (Brent Blend)	$17.18y	+0.105	$18.225	$20.725	$13.975

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents/lb, y-May. *Aluminium 99.7% only quoted since July.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.55-5.70t	+0.125
Brent Blend	$17.13-7.23w	+0.055
W.T.I.(1 pm est)	$18.25-8.30w	+0.05

COCOA £/tonne

	Close	Previous	High/Low	
May	878	885	880	874
Jly	890	905	903	893
Sep	915	922	918	911

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	2400-20	2300-10		2390-410		
3 months	2165-85	2115-25		2180-90	2180-200	4,344 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 27,800 tonne
Cash	1271-3	1208-13	1287	1287-8		
3 months	1136-7	1102-3	1146/1105	1134-5	1146-7	49,557 lots
Copper, Grade A (£ per tonne)						Ring turnover 58,925 tonne
Cash	1167-8	1134.5-5.5	1170/1168	1169-70		

US MARKETS

After being an early buyer in the precious metals, the trade turned seller and were joined by light fund and local selling to take prices lower before a slight recovery on short-covering, reports Drexel Burnham Lambert. Copper rallied on pre-weekend short-covering.

Book-squaring in advance of next week's O.P.E.C. meeting was the only feature in the energy complex. Coffee rallied on short-covering, as did sugar, following earlier trade selling, especially in the July contract. A buy recommendation by a major house led to a firm cocoa market in the face of Brazilian selling. A short-covering rally firmed the soyabean complex, while wheat and maize were both marginally lower in quiet trading, although commercial support was noted in maize. Cattle futures were held to a narrow range awaiting the cattle-on-feed report. Bellies fell reflecting bearish fundamentals, while hogs, on the otherhand, were firm in response to a pick-up of retail demand in the products.

New York

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jun	18.39	18.36	18.46	18.34
Jul	18.32	18.27	18.40	18.26
Aug	18.23	18.19	18.32	18.15
Sep	18.15	18.13	18.22	18.10
Nov	18.06	18.01	18.10	18.01
Dec	18.02	17.95	18.03	17.98
Jan	17.90	17.89	17.97	17.90
Mar	17.75	17.79	17.75	17.75

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
May	50.75	50.54	[illegible]	[illegible]
Jul	48.55	48.47	[illegible]	[illegible]
Aug	48.85	48.85	[illegible]	[illegible]
Sep	49.45	49.45	[illegible]	[illegible]
Oct	50.00	49.98	[illegible]	[illegible]
Nov	50.85	50.56	[illegible]	[illegible]
Dec	51.60	50.91	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1588	1622	[illegible]	[illegible]
Jul	1573	1583	[illegible]	[illegible]
Sep	1596	1591	[illegible]	[illegible]
Dec	1625	1626	[illegible]	[illegible]
Mar	1657	1654	[illegible]	[illegible]
May	1689	1690	[illegible]	[illegible]
Jul	1715	1718	[illegible]	[illegible]
Sep	1739	1740	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	663/4	659/4	664/6	657/0
Jul	672/6	669/2	674/0	668/4
Aug	676/2	671/6	677/0	669/4
Sep	679/0	674/0	679/4	672/4
Nov	686/0	682/2	686/4	679/0
Jan	696/0	690/6	696/0	687/4
Mar	703/4	697/0	704/0	696/4
May	708/4	702/4	708/4	706/0
Jul	709/6	704/4	709/4	702/4

WORLD STOCK MARKETS

Wall Street

Bonds rally encourages Dow to rise

Early futures-related buying encouraged Wall Street stocks to rise to their highest levels of the session at midday.

The bond market rallied after the announcement that there was no change in the March durable goods figures, compared with expectations of a rise. The strong bonds helped boost stocks.

The Dow Jones Industrial Average rose 15 to 2,002. Gaining issues led declining stocks by almost two to one in active trade.

Canada

Weaker banking issues outweighed energy stocks' gains in Toronto at midday as the composite index fell 7.5 to 3,322.2 on volume of 10.8m shares.

The banks, which raised the prime lending rate on Thursday, were generally down. Canadian Imperial Bank of Commerce fell C$¼ to C$30¼. Toronto Dominion Bank lost C$¼ to C$27¼. Bank of Nova Scotia dropped C$¼ to C$12½ and Bank of Montreal was C$¼ lower at C$28¼.

Polysar Energy, target of a hostile takeover bid from Nova, firmed C$¼ to C$18¼. Nova was unchanged at C$11¼.

Noramco Mining, which was actively traded, slipped C$¼ to C$5¼ a day after announcing 10 per cent of its shares had been sold to Battle Mountain Gold.

North American closing prices were not available for reports in this edition

Tokyo

Interest in consumer demand-related shares was countered by profit-taking, as share prices in Tokyo closed mixed.

Wall Street's recent uncertainty and a lack of fresh positive factors has held buyers back.

The Nikkei index firmed 8.96 to 26,837.12 in turnover of 700m shares against 650m.

Buying centred on retail and other consumer spending-sensitive shares, boosted by increased demand and the shorter working week. Takashimaya, a department store, rose Y140 to Y2,340 on promising corporate results.

Speculation that Japan may ease some import quotas boosted trading companies, with Nissho Iwai up Y14 to Y520, Mitsui Y13 to Y903 and Marubeni Y5 to Y569.

Frankfurt

There was little change in Frankfurt after a sluggish week characterised by low turnover and lack of retail interest.

The Commerzbank 60-share index was down 1.1 at 1,377.4 despite good corporate and sectoral news.

Linde, the engineering group, rose DM4.50 to DM613 after announcing that it expected profits to rise this year and that it is considering raising its 1988 dividend by 50 pfg to DM13.

Hussel, the confectioner, ended DM0.50 lower at DM468.50, in spite of news of a DM1 higher dividend of DM10 and a 34 per cent pre-tax profit increase.

Paris

The first session of the new trading month saw prices higher in Paris, with attention focused on informal French electoral polls showing an advance for the right-wing before the start of polling on Sunday.

The market also received a modest boost to late trading from a firmer early trend on Wall Street. The CAC index, based on opening prices, rose 6.5 to 308.

Interest in the blue chip stocks remained centred on insurer Cie du Midi, on speculation that Italian insurance firm Assicurazioni Generali could make a bid for the insurer, despite Generali's denial. Late news that Paribas had raised its Midi stake to 5 per cent from 4.8 per cent suggested Midi may be organising a core of friendly shareholders. Midi ended FFr15 higher at FFr1,790.

Michelin ended FFr3 lower at FFr188 after an announcement of a 28 per cent rise in group net profit to FFr2.44bn last year – lower than analysts' forecasts.

Brussels

Belgian shares finished mostly easier in very thin and quiet trading. Operators continued to keep to the sidelines, put off by uncertainty over Wall Street and whether four months of negotiations to form a new Belgian government will succeed.

Leading chemicals, which had risen earlier before they published 1987 results, were the day's biggest losers.

Zurich

Uncertainty dominated the Zurich market and prices closed lower in moderate trading.

The firm dollar failed to support prices and mixed performances on Wall Street and in Tokyo dampened sentiment.

The all-share index was 6.5 lower at 812.8.

Australia

With a long weekend approaching, investors stayed on the sidelines in Australia as the market eased slightly in dull trading.

The weaker bullion and platinum prices counteracted the firmer crude oil price and modest gain on Wall Street.

The All Ordinaries index fell 2.3 to 1,436.6. Turnover was thin at 79.17m shares worth A$138.74m.

Market leader BHP dropped 24 cents to A$7.74 on high turnover as the stock went ex-dividend.

Hong Kong

Late local buying pushed Hong Kong share prices to their day's highest levels at the close. The Hang Seng index gained 38.64 to 2,591.35.

Wharf was unchanged at HK$6.95 after it declined to comment on rumours that it would bid for UK retailer Storehouse.

China Light rose 30 cents to HK$18.80. The company was due to announce its interim results after the market closed.

Regal Hotels gained 22.5 cents to HK$3.15 after announcing sharply higher profits and a one for two bonus issue.

Singapore

Speculative buying and bargain-hunting left Singapore share prices moderately higher to fairly active trading.

The Straits Times industrial index rose 11.3 to 955.7 on turnover of 24.4m shares.

Inchcape, which announced good annual results and a special dividend, climbed 24 cents to S$4.66 with over 600,000 shares traded.

Milan

Prices closed weaker in thin trading volume marked largely by position squaring ahead of Italy's three-day weekend.

Amsterdam

Falls on Wall Street and pre-weekend reticence dampened Amsterdam interest in buying, pushing shares lower.

NEW YORK (3 pm)

AUSTRIA

April 22	Sch	+ or –
CreditAnstalt	1,980	...
Goesser	2,450	+10
Interunfall	4,710	...
Jungbunzlauer	7,050	+250
Laenderbank	359	–1
Perlmooser	642	+2
Steyr-Daimler	201	+2
Veitscher Mag	617	–1

BELGIUM/LUXEMBOURG

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

DENMARK

FINLAND

JAPAN

AUSTRALIA

HONG KONG

SINGAPORE

CANADA (3 pm)

INDICES

NEW YORK DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Dollar and pound strong

THE DOLLAR and sterling were very strong on the currency markets yesterday.

To some extent the dollar's rise above DM1.67 and Y124.50 was based on speculation about higher US interest rates, but other less substantial reasons were also suggested, including a mood of boredom in the market, and a view that if the attitude of central banks prevented a dollar fall, it was worth pushing the currency up, to find out the present resistance levels.

Political considerations, including the situation to the Gulf, and tension between North Korea and South Korea, were also used as an excuse to push the dollar higher.

Sterling was rather volatile *during the morning, rising* to around DM3.16, and falling back to DM3.1525.

London's gilt edged market and the money market took a bearish view of the latest UK bank lending figures. Gilts fell by over £1 and short term interest rates moved higher, but the pound remained strong, on the belief that the banking figures meant there would not be another early cut in bank base rates.

Sterling closed at DM3.16, compared with DM3.1575 on Thursday, and also rose to SFr2.1625 from SFr2.61, but lost 85 points to $1.8900. The pound also fell to Y235.50 from Y235.75, and to FFr10.7250 from FFr10.7275.

On Bank of England figures sterling's index fell 0.1 to 78.7.

The dollar rose to DM1.6715 from DM1.6685; to Y124.65 from Y124.15; to SFr1.3825 from SFr1.3750; and to FFr5.6750 from FFr5.6500.

According to the Bank of England, the dollar's index rose to 92.5 from 92.2.

D-MARK - Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. March average 1.6766. Exchange rate index 148.7 against 146.8 six months ago

The D-Mark lost ground to the dollar to quiet trading on the foreign exchanges. The dollar closed in Frankfurt at DM1.6745, compared with DM1.6660 on Thursday, and above the fixing level of DM1.6718.

In Paris the French franc improved against the D-Mark, as *domestic traders* squared positions ahead of tomorrow's first round in the French presidential elections.

The D-Mark fell to FFr3.8940 from DM3.3980 at the Paris close.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. March average 127.08. Exchange rate index 245.2 against 220.2 six months ago.

The yen weakened against the dollar in Tokyo, but dealers suggested the reasons for the dollar's strength were rather flimsy.

Singapore provided speculative buying interest in the dollar, on reports that the US is sending more warships to the Gulf, and on rumours, later denied, of a clash on the border between North Korea and South Korea.

The dollar touched a peak of Y124.75 to Tokyo, but eased back slightly to close at Y124.65.

£ IN NEW YORK

Apr.22	Latest	Previous Close
£ Spot	1.8890-1.8900	1.8930-1.8940
1 month	0.16-0.14pm	0.16-0.14pm
3 months	0.40-0.36pm	0.41-0.38pm
12 months	1.50-1.40pm	1.48-1.38pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.22	Previous
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Apr.22	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

Apr.22	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) *Rates for Apr.21

POUND SPOT- FORWARD AGAINST THE POUND

Apr.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8850 - 1.8945	1.8895 - 1.8905	0.17-0.14cpm	0.98	0.46-0.41pm	0.92
Canada	2.3235 - 2.3340	2.3295 - 2.3305	0.09-0.19cdis	-0.72	0.39-0.52dis	-0.78
Netherlands	3.53½ - 3.55	3.54 - 3.55	1½-½cpm	3.81	3¾-3½pm	4.02
Belgium	65.85 - 66.60	66.00 - 66.10	21-03cpm	2.18	44-23pm	2.85
Denmark	12.11½ - 12.15½	12.13½ - 12.14½	½-2½oredis	-1.42	2¼-4½dis	-1.26
Ireland	1.1795 - 1.1845	1.1820 - 1.1830	0.12-0.20pdis	-1.62	0.30-0.45dis	-1.27
W. Germany	3.15½ - 3.16½	3.15½ - 3.16½	1½-1pfpm	4.75	3¾-3½pm	4.59
Portugal	256.95 - 258.90	257.40 - 258.40	55-105cdis	-3.72	201-320dis	-3.90
Spain	208.10 - 209.30	208.70 - 209.00	25-45cdis	-2.01	95-130dis	-2.15
Italy	2344½ - 2351½	2348½ - 2349½	2-7liredis	-2.30	13-20dis	-2.81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.86
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.28
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.08
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.93
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.65

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.92
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.86
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.09
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.13
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.54
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.08

EURO-CURRENCY INTEREST RATES

Apr.22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8½-8¼ per cent; three years 8¾-8½ per cent; four years 9-8¾ per cent; five years 9¼-9 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Apr.22	£	$
Argentina	11.0115 - 11.0740	5.8400 - 5.8700
Australia	2.4935 - 2.4965	1.3220 - 1.3230
Brazil	241.90 - 243.25	128.30 - 128.95
Finland	7.5170 - 7.5400	3.9830 - 3.9850
Greece	251.35 - 255.80	132.80 - 135.00
Hong Kong	14.7285 - 14.7460	7.8105 - 7.8125
Iran	125.80*	65.75*
Korea(Sth)	1395.45 - 1408.10	739.90 - 745.90
Kuwait	0.51540 - 0.51590	0.27330 - 0.27340
Luxembourg	66.00 - 66.10	34.90 - 35.00
Malaysia	4.8435 - 4.8555	2.5680 - 2.5700
Mexico	4289.50 - 4310.65	2275.00 - 2285.00
N. Zealand	2.7870 - 2.7920	1.4795 - 1.4815
Saudi Ar.	7.0725 - 7.0785	3.7500 - 3.7510
Singapore	3.7775 - 3.7835	2.0020 - 2.0040
S. Af (Cm)	4.0380 - 4.0535	2.1455 - 2.1475
S. Af (Fn)	5.3445 - 5.4600	2.8330 - 2.8985
Taiwan	54.20 - 54.45	28.60 - 28.70
U.A.E.	6.9260 - 6.9320	3.6725 - 3.6735

*Selling rate

EXCHANGE CROSS RATES

Apr.22	£	$	DM	Yen	F Fr.	S Fr.	B Fl.	Lira	C $	B Fr.
£	1	1.890	3.160	235.5	10.73	2.613	3.545	2349	2.330	66.05
$	0.529	1	1.672	124.6	5.677	1.383	1.876	1243	1.233	34.95
DM	0.316	0.598	1	74.53	3.396	0.827	1.122	743.4	0.737	20.90
YEN	4.246	8.025	13.42	1000.	45.56	11.10	15.05	9975	9.894	280.5
F Fr.	0.932	1.761	2.945	219.5	10.	2.435	3.304	2189	2.171	61.56
S Fr.	0.383	0.723	1.209	90.13	4.106	1	1.357	899.0	0.892	25.28
B Fl.	0.282	0.533	0.891	66.43	3.027	0.737	1	662.6	0.657	18.63
Lira	0.426	0.805	1.345	100.3	4.568	1.112	1.509	1000.	0.992	28.12
C $	0.429	0.811	1.356	101.1	4.605	1.121	1.521	1008	1	28.35
B Fr.	1.514	2.861	4.784	356.5	16.25	3.956	5.367	3556	3.528	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Fading hopes on base rates

THERE WAS a firm tone to interest rates on the London money market yesterday, in spite of the strength of sterling.

Three-month interbank, which was as low as 7⅞-7⅞ p.c. earlier this week, rose to 8⅛-8¼ p.c., as hopes faded of an early cut to UK bank base rates.

It is not usual for the pound and interest rates to rise at the same time, but this was a reaction to Thursday's publication of the UK bank lending figures for March, showing strong growth to demand for credit, and probably ruling out any reduction in base rates in the near future.

Day-to-day credit remained in very short supply in London. Assistance was provided through repurchase agreements, and outright purchases of bills. The discount houses appeared more willing to sell long dated bills to the authorities, indicating that the market is losing faith that base rates will fall, unless upward pressure on sterling becomes very strong.

The Bank of England initially forecast a money market shortage of £1,150m, but revised this to £1,400m in the afternoon, and provided total help of £1,354m.

An early round of help was offered, and at that time the Bank of England bought £167m bills, including £47m bank bills *outright, in band 2 at 7⅞ p.c.* Another £120m bills were purchased, for resale to the market, on May 17, at 7⅞ p.c.

In further operations before lunch the authorities gave assistance of £338m, including purchases of £250m outright, by way of £11m bank bills to band 1 at 7⅞ p.c.; £15m bank bills in band 3 at 7⅞ p.c.; and £224m bank bills in band 4 at 7⅞ p.c.

A further £88m bills were bought, for resale to the market, on May 17, at 7⅞ p.c.

In the afternoon the Bank of England bought £804m bills, including £534m outright, through £404m bank bills to band 1 at 7⅞ p.c.; £109m bank bills in band 2 at 7⅞ p.c.; and £21m bank bills in band 4 at 7⅞ p.c.

Another £270m bills were purchased, for resale to the market, on May 17, at 7⅞ p.c.

In addition to bill-purchases the authorities also provided late assistance of £45m.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £936m, with a rise to *the note circulation absorbing* £355m, and bank balances below target £50m. These factors outweighed Exchequer transactions, adding £185m to liquidity.

UK clearing bank base lending rate 8 per cent from April 11

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.22) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 7⅞	bid 7½	offer 7⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8½	One month	5.22	Three year	7.82
Broker loan rate	7¾-8	Two month	5.63	Four year	8.07
Fed.funds	6⅝-¾	Three month	6.00	Five year	8.23
Fed.funds at intervention	-	Six month	6.52	Seven year	8.55
		One year	7.01	10-year	8.77
		Two year	7.62	30-year	9.01

Apr.22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.15-3.25	3.25-3.35	3.30-3.40	3.30-3.45	3.35-3.50	4.50
Paris	7⅜-7⅝	7⅜-7⅝	7⅞-8	8-8⅛	8⅛-8¼	7.25
Zurich	1½-2½	2-2½	-	2-2½	-	-
Amsterdam	4-4½	4-4½	-	4-4½	-	-
Tokyo	3.21875	3.78125	-	3.90625	-	-
Milan	9⅞-10⅛	10½-10⅞	-	10½-11	-	-
Brussels	5.90	6-6½	-	6½-6⅞	-	-
Dublin	7½-7⅞	7¾-8	7¾-8	7¾-8	7¾-8½	-

LONDON MONEY RATES

Apr.22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt. Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON STOCK EXCHANGE

Gilts flat and equities end Account lower

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apl 25	Mar 5	Mar 6	Mar 16
Mar 21	Apl 7	Apl 8	Apl 18
Apl 11	Apl 21	Apl 22	May 3

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Apr. 22	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Year ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	90.26	91.01	91.09	91.31	91.43	91.62	91.48	86.97	127.4	49.18
Fixed Interest	97.75	97.92	97.90	98.31	97.75	97.47	98.31	94.14	105.4	50.53
Ordinary	1411.6	1423.4	1419.4	1429.7	1419.6	1580.9	1478.7	1349.0	1926.2	49.4
Gold Mines	205.7	208.6	216.4	218.1	221.4	444.4	312.5	205.7	734.7	43.5
Ord. Div. Yield	4.62	4.58	4.57	4.55	4.57	3.89				
Earnings Yld. % (full)	11.96	11.86	11.91	11.80	11.89	8.49				
P/E Ratio (net)	10.22	10.31	10.27	10.40	10.33	14.58				
SEAQ Bargains (5pm)	29,281	21,815	22,769	23,165	26,075	52,144				
Equity Turnover (£m)	-	1083.2	1082.69	976.34	972.36	1942.94				
Equity Bargains	-	25,490	23,336	24,320	26,257	57,290				
Shares Traded (ml)	-	408.6	404.9	396.0	389.4	704.6				

S.E. ACTIVITY

Indices	Apr.21	Apr.20
Gilt Edged Bargains	133.5	148.4
Equity Bargains	165.2	152.5
Equity Value	2184.4	2188.4
5-Day average		
Gilt Edged Bargains	146.1	145.4
Equity Bargains	164.2	167.8
Equity Value	2569.6	2563.1

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1421.0	1418.7	1413.3	1410.9	1407.2	1407.6	1410.3	1411.2

Day's High 1421.3 Day's low 1406.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.12.

LONDON REPORT AND LATEST SHARE INDEX: TEL: 0898 123001

THE SHADOW of the domestic money supply and bank lending figures for last month continued to lie heavily over the UK securities markets yesterday. Government bonds suffered widespread losses as foreign and domestic investors took a harder look at prospects for UK interest rates. In the equity market, a disappointing two week trading Account ended ingloriously to the accompaniment of rights issue rumours and further speculative activity in major stocks.

The FT-SE 100 Index fell 20.3 to 1771.6, losing all and slightly more of the somewhat speculative gains of the previous fortnight. Seaq volume increased to 514.9mshares (397.9m on Thursday) and the total included substantial turnover in such names as Racal and Fisons.

Rumours of a major rights issue on Monday morning discouraged London from responding to a firm start by Wall Street, but were received with some scepticism. ICI, the first name suggested, was discarded because it reports trading figures on Thursday. Standard Chartered, another likely eventual prospect for a substantial rights issue, was also rejected since the banking sector is still digesting Barclays £921m cash call. Some traders settled on Polly Peck as a possible candidate.

With the pound still very firm, the blue chip exporting stocks were on the slide. Shell, despite this week's presentations to City analysts, and Glaxo were dull features.

The speculative excitement sparked off originally by the Suchard investment in Rowntree but which has since overspilled into Storehouse, Courtaulds, and other major names, was maintained. Analysts appeared to be to two minds, some dismissing the buying as over-active speculation, but others suggesting that the fall in major shares might be attracting genuine investment demand.

The Government bond market had a "grisly day", said one trader. There were rumours that a trading house had taken significant losses in short-dated Gilts, which fell a further ¼ as any lingering hopes for an early base rate cut were abandoned.

There were also heavy losses at the longer end, ranging to 1¼ at the extreme range and slightly less in the medium dates. Traders commented that the day's continued firmness in the pound was not enough to counterbalance disappointment with the fading base rate hopes.

The rekindling of inflation fears by the money supply and bank lending statistics proved no help to Index-linked (I-L) Gilts, which fell about ¾ of a point. This sector, which has benefited significantly from inflation concerns over the past fortnight, is now untapped, and new tranchette issues are expected as the authorities seek new market management weapons. I-L stocks were borne down by the selling elsewhere in Gilts yesterday, rather than by any change of heart on inflation.

Fisons, up 10 at 259p, enjoyed good business (some 10m shares changed hands) as the market continued to take a bullish stance on prospects for the use of its aerosol pentamidine drug treatment to combat Aids-related pneumonia.

Interest was triggered earlier in the week following a buy recommendation from BZW, the securities house, which expects the group to win the race for FDA approval of pentamidine against LyphoMed, its US competitor. Aerosol pentamidine has been granted Orphan Drug Status, entitling Fisons to exclusive US marketing rights for seven years and BZW believes the product could earn annual profits of some £30m by 1992. Citicorp Scrimgeour Vickers also think pentamidine's potential has been underestimated and rate Fisons shares "excellent value".

Racal was easily the biggest turnover stock in the equity market with 18m shares changing hands, bringing the week's total to over 45m. The shares attracted a substantial two-way business but ran into heavy and sustained selling above the 240p level and eventually ended the session a net 5 off at 238p.

Stories of stake-building and imminent bids continued to circulate but were again greeted with scepticism by analysts who pointed to the absence of a single large and persistent buyer of the stock - "this bears a remarkable resemblance to the run-up in Plessey a few weeks ago when no stake-builder or bidder emerged", said one leading analyst who added that only a 15 per cent stake to Vodafone can be sold overseas, according to the UK licencing rules.

Most observers agreed that much of the buying was US - sourced and reflected extremely high valuations put on the cellular telephones business by US investors.

The major oil and gas stocks opened on a firm note, as crude oil prices made progress, but quickly ran into sustained selling pressure which continued throughout the day. British Gas, where turnover topped 9.5m, ended the day 4 off at 175p as the recent big buyer of the stock withdrew. BP old dipped 6 to 267p on turnover of 3.9 while the new, turnover 6.2m, were 2¼ off at 75p.

The clearing banks lost ground but generally performed better than the rest of the market after a number of UK securities houses, most notably Warburg Securities, took a more positive view of the sector. Barclays attracted good support for much of the session and touch 438p at one point but ran into late selling which left them unchanged on balance at 435p at the close; the shares go "ex" the £921m rights *issue next Friday.*

Standard Chartered came under pressure and dropped 10 to 438p as rumours that a major rights issue of around £300m would be launched on Monday swept round the market.

Insurances, strong performers earlier in the week on rumours of a market raid on Sun Life, turned easier owing to widespread profit-taking. Abbey Life, where a number of sizeable deals went through the market, initially edged up to 288p but later fell back to close a net 7 lower at 277p. Legal and General lost the same amount to 279p.

Breweries lost the whiff of stake-building speculation as interest receded but most regional issues held the previous session's gains. Vaux, the northern-based brewer rumoured to be the target for "down-under" interests and a UK hotel group, was the prime example. The shares refused to give back Thursday's sharp rise, although turnover was much reduced, and closed virtually unaltered at 579p. Leading stocks, on the other hand, ran into selling as Account operators took their profits. Allied-Lyons were vulnerable and lost 5 to 405p during turnover of 3.3m shares, while Scottish & Newcastle, another stock which has traded freely during the two-week period, slipped 3 to 278p.

George Wimpey continued to feature the Building sector, rising 12 to 270p on turnover of 3.6m shares. Over the past two sessions the price has jumped 22 on speculation of a bid for the company; a takeover is virtually certain to require the approval of major shareholder Grove Charity. Tarmac encountered nervous offerings ahead of next Tuesday's annual results and closed 6 cheaper at 241p.

ICI drifted off to close 11 *cheaper at 968p; vague rumours* that the UK chemical major could announce a fund-raising exercise with the first-quarter figures, scheduled for next Thursday, were dismissed by traders. Foseco, annual results due next Wednesday, dipped 10 to 239p, but Press mention boosted Thurgar Bardex 4 to 66p.

Storehouse continued to dominate the retail sector as stories that a break-up bid will come during the next account continued to circulate; traders reported another substantial two-way business in the stock - 3.9m were traded - but sellers eventually got the upper hand to leave the shares a net 6 down on the week. During the week numerous potential bidders were mooted, including a Mountleigh/Robert Maxwell-led consortium, Lonrho, who subsequently denied any bid intentions, and various far-eastern groups. An above-average options business was also reported.

Press suggestions that Sears could well be a target for a potential predator failed to produce any sustained interest and the shares eased 3 to 131p. Dixons were a dull market and closed 5 off at 175p, as did GUS "A", 26 down at 1054p. Ratners, due to *announce preliminary figures on* Tuesday - BZW are forecasting £50m pre-tax against last time's £22.54m - gave up 4 to 260p.

Austin Reed "A" jumped 12 to 256p to the wake of the preliminary figures announced on Thursday which were said by Keith Wills of Citicorp Scrimgeour Vickers to be "impressive" and "right at the top end of expectations". Citicorp says the shares are "an outstanding buy if you think sterling is close to peaking". E.Upton "A" also performed strongly, closing 10 up at 80p after the 80 per cent jump in pre-tax profits - "much better than we expected" a leading analyst said.

Racal was not alone in attracting hefty turnover in the electronics sector. GEC (4.9m) held around 151½p, but Plessey (4.9m) attracted profit-taking and closed 3 off at 156p. Ferranti (3.2m), slipped a couple of pence to 78p.

A presentation to Scottish institutions failed to induce any major support for Cable & Wireless which lost 5 to 317p on turnover of 2.9m shares.

Recent takeover favourites in the Engineering sector met with end/Account profit-taking. Delta, boosted earlier to the week by RTZ bid suggestions reacted 5 to 300p, while Matthew Hall ran back a few pence to 154p.

Food Manufacturers, the subject of strong takeover speculation earlier in the Account following Jacobs Suchard's successful move to increase its holding in UK confectionery major Rowntree, gave fresh ground in the absence of any positive bid moves. Rowntree, on turnover of about 3m, eased 4 to 716p, while the week's star performer Ranks Hovis McDougall, came back 3 to 339p; major stakeholder Goodman Fielder of Australia is now free to launch a bid for the company. Tate and Lyle, battling for control of US food company Staley, were virtually unchanged at 763p pending details of next week's annual results.

Grand Metropolitan came with a late spurt, settling 6 higher at 481p amid talk of an imminent US presentation; securities house Kleinwort Grievson were reported as keen buyers of the stock and were thought to have accumulated around 1½m.

Glaxo were unsettled to a certain extent by a downgraded profits forecast from BZW, the securities house, which has reduced its pre-tax estimate by £35m to £810m for the current year and for 1988/89 by £65m to £935m. The *prevailing currency environment* and the substantially increased R and D and capital expenditure programmes prompted the downgrading, but BZW point out that they believe Glaxo shares represent excellent value in the long term.

Associated Energy Services featured a jump of 18 to 58p in the wake of news that Cleves Investments has acquired a 14.9 per cent stake in the company. Bid speculation revived in Brammer which gained 9 to 249p.

Pearson closed 9 cheaper at 669p; the French Finance Ministry announced yesterday that it would authorise the new offer by Pearson to purchase Les Echos, the financial newspaper.

Ford's plan to "revolutionise" servicing, setting up out-of-town sites and easing the controls on the number of main dealerships a group can hold was a major talking point in the Motor sector. The challenge to "fast-fit" chains put leader Kwik-Fit under pressure and the close was 7 down at 193p but selected Distributor stocks tended to harden. H & J Quick moved further ahead to end 3 up at 270p.

Profit-taking spoiled a good Account for the Property leaders, the majority of which had moved higher during the period on hopes of further reductions in interest rates.

Courtaulds again attracted good volume - 3.2m shares changed hands - and traders remained convinced that a stake had recently been build up. Citicorp Scrimgeour Vickers denied having passed on a sizeable shareholding and the shares flickered either side of the overnight level of 352p.

The FTSE traded options contract saw more activity than of late and registered 795 calls and 2,128 puts. There was trading to large lots of the April 1700 and 1750 puts and also sizeable business in the 1800 calls. Energy stocks remained busy, notably British Gas which attracted 1,186 calls and 1,068 puts. Among Electricals, there was continued interest in Thorn out-of-the money calls, while Racal recorded 1,558 calls and 707 puts. Total contracts amounted to 25,753 comprising 16,190 calls and 9,563 puts.

LONDON TRADED OPTIONS

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Allied Lyons (*406)	360	32	62	-	8	11	-
	390	33	43	50	18	23	28
	420	16½	20	38	35	40	45
Brit. Airways (*160)	140	25	28	31	4	8	9
	160	10	15	19	14	16	19
	180	4	8	12	29	29	31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS May	Aug	Nov	PUTS May	Aug	Nov
LASMO (*356)	330	10	47	63	9	20	25
	600	12	35	45	28	42	55
	650	3	17	27	72	80	87
P. & O. (*583)	550	42	62	70	9	20	25
	600	12	30	45	28	42	55
	650	3	17	27	72	80	87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

April 22 Total Contracts 25,753 Calls 16,190 Puts 9,563
FT-SE Index Calls 795 Puts 2,128
*Underlying security price.

Traditional Options

- First dealings Apr 18
- Last dealings Apr 29
- Last declarations July 14
- *For Settlement July 25*

For rate indications see end of London Share Service

Interest in the Traditional option market remained at a fairly low level. Stocks favoured for the call included Ferranti, Waterford Glass units, British Petroleum partly-paid, Bristol Channel Ship, Blacks Leisure, Northern Foods, Dares Estates, Premier Consolidated, Land Securities. Puts were arranged in Waterford Glass units, Olives Paper, British Petroleum partly-paid and Eurotunnel units.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (31).
LOANS (1) CANADIANS (1) BUILDINGS (1) ELECTRICALS (2) ENGINEERING (4) FOODS (2) HOTELS (1) INDUSTRIALS (14) LEISURE (2) PAPERS (3) PROPERTY (4) TRUSTS (4) OILS (1) OVERSEAS TRADERS (2) MINES (1) THIRD MARKET (1).

NEW LOWS (60).
AMERICANS (3) CANADIANS (1) BANKS (3) BREWERS (2) BUILDINGS (1) CHEMICALS (1) STORES (1) ELECTRICALS (3) FOODS (2) INDUSTRIALS (7) INSURANCE (1) LEISURE (1) NEWSPAPERS (3) PAPERS (1) PROPERTY (2) SHIPPING (1) SHOES (1) TRUSTS (5) MINES (28).

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included8

Greater London Council6¾% Stk 90/92 – £92♦ 4♦
Birmingham Corp3½% Stk 1946(or after) – £37♦
Birmingham District Council11½% Red Stk 2012 – £111½
Manchester Corp1891 3% Red Stk 1941(or after) – £25½ (18Ap88)
4% Cons Ird Stk – £30
Salford Corp5½% Red Stk 86/88 – £98 ½

UK Public Boards
No. of bargains included9

Agricultural Mortgage Corp PLC5¼% Deb Stk 93/95 – £74 (18Ap88)
6¾% Deb Stk 92/94 – £82½ (19Ap88)
8¾% Deb Stk 85/90 – £93½ (20Ap88)
7¾% Deb Stk 91/93 – £90½
10¾% Deb Stk 92/95 – £102
Port of London Authority3% Port of London A Stk 29/99 – £52 (18Ap88)
6¾% Reg Stk 87/90 – £93 4
Scottish Agric Sec CorpLn 3¾% Deb Stk 83/93 – £74

Foreign Stocks, Bonds, etc–(coupons payable in London)

Banks and Discount Companies
No. of bargains included1654

Ansbacher(Henry)Hldgs PLC9% Cnv Subord Ln Stk 1996 – £107 (18Ap88)
Bank of Ireland(Governor & Co of)7% Ln Stk 86/91 – £89 (20Ap88)
Barclays PLCADR (4:1) – $32.555 (18Ap88)
Barclays Bank PLC7¾% Uns Cap Ln Stk 86/91 – £92½
8¾% Uns Cap Ln Stk 86/93 – £95½ ¾ 4 ¾ ½
16% Uns Cap Ln Stk 2002/07 – £136¾ ½ 9 9
Barings PLC9% Cum 2nd Prf £1 – 106½ ½ 10 10
Commerzbank AgCdbr(les Warburg) DM19 – £14.4 (18Ap88)
Hill Samuel Group PLC8% Uns Ln Stk 89/94 – £88½ (20Ap88)
Kleinwort,Benson,Lonsdale PLCOrd 25p (Fdd–1/5/88) – £3.75 (18Ap88)
Lombard North Central PLC5% Cum 1st Prf £1 – 60 (19Ap88)
5% Cum 2nd Prf £1 – 48 (18Ap88)
Midland Bank PLC7½% Subord Uns Ln Stk 83/93 – £89 90 (19Ap88)
10¾% Subord Uns Ln Stk 93/98 – £103 4 (20Ap88)
14% Subord Uns Ln Stk 2002/07 – £124½

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Insurance

Investment Trusts

Financial Trusts, Land, etc

Mines – Miscellaneous

Mines – South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water Works

USM Appendix

Transrap Hldgs PLCOrd 10p – 60♦
Willaire Systems PLCFixed Rate Cnv Cum Red Prf 2p – 128♦
Yelverton Investments PLC0% Cnv Uns Ln Stk 1997 – £80 (18Ap88)

The Third Market Appendix
No. of bargains included87

Abalcoot Group PLCCum Cnv Red Prf 2006 25p – 75 (18Ap88)
Falrim Mining PLCOrd Ir£0.20 – Ir£0.81 0.82
Medirace PLCWarrants to sub for Ord – 83
Pennine Optical PLCOrd 2½p – 48½ (20Ap88)

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Abitibi-Price 925,937½ (19/4)
ACMEX Holdings 48 (20/4)
Acorn Securities 14♦14 A$0.321
Algoma Central Railway £10.35♦ (18/4)
Alkane Exploration A$0.091 (15/4)
Allflex Holdings N$1.0
Amatil 320
America Barrick Resources Corp Com NPV $21¾♦ (19/4)
Ames Department Stores 825 (20/4)
Ampol Expln. 122♦ (20/4)
Amsterdam Rotterdam Bank FL66.4,66.8
Aust. Foundation Inv 49 (20/4)
Aust. Oil & Gas 34 (20/4)
Black Hill Minerals A$0.101 (19/4)
Brascan A £10⅞ (19/4)
C.S.F. (Thomson C.S.F.) FR17.157 (15/4)
Central Norseman Gold A$0.964,0.977 (19/4)
Cherokee Group $8¼♦8⅜♦ (18/4)
Cold Storage (Malaysia) S$3.63 (20/4)
Community Psychiatric Centers £11¼ (20/4)
Comex Aust A$0.051 (19/4)
Development Bank of Singapore S$10.35
Devex 20♦A$5.14
Du Pont $83♦
Eurocan Ventures 17♦ (20/4)
Free State Cons Gold Mines 533♦$10¼♦P530 $9¼,9½,R28¼
Geometals A$0.322♦ (18/4)
Golconda Minerals 14,20 A$0.306 (19/4)
Greenwood Holdings 10
Hang Lung Development 36♦ (18/4)
Haoma North West 2½
Horizon Pacific 11¼
Int. Mining 3½
Japan Air Lines Co Y14,900 (15/4)
Jones (David) A$8.833 (20/4)
Kansai Electric Power Co Y2951.79 (19/4)
Killinghall Tin (Malaysia) Berhad Ord M$2.615♦2.648♦
Kulim Malaysia Ord 18♦18
Malaysian Airline System M$5.628,5.678
Matsushita Electric Industrial $21.6 Y2705.04,2710,2719.01,2726¾,2730
McCarthy Group 140 R8¼
Mid-East Minerals A$0.482
Mitsubishi Heavy Inds Y734.84
National Electronics (Consolidated) 3
Nationale-Nederlanden CVA FL59.4♦59½♦59.9♦FL59.4,59.6,59.65,59.7
Nexus Corp 77♦
Niugini Mining A$4.216 (20/4)
North Canadian Oils B62½ (18/4)
North Flinders Mines 325
Oil Search 40♦40,39,42 (20/4)
Olinet 25 (20/4)
Overseas Chinese Banking Corp S$6.36 (20/4)
Palabora Mining R29¼
Pancanadian Petroleum £11¼
Pioneer Electronic Y3255.18 (19/4)
Poseidon 95
Regal Hotels (Hldgs) 13♦ (20/4)
Safmarine & Rennies Hldgs R19♦$18.35
Service Corp Int £11¼
Singapore Land S2.9 S$5.8 (20/4)
Sky Line Explortn 420 C$10½ (15/4)
Societe Nationale Elf Aquitaine FR284,285
Source Perrier FR585♦FR590
Southwest Gold mines 3 A$0.079
Square Gold & Minerals A$0.202 (19/4)
Sun Hung Kai Properties HK$10.3 (15/4)
Swire Pacific 'B' HK$2.925,2.95,2.975 (20/4)
Target Petroleum Ord 16♦ (19/4)
Target Petroleum 7♦ (18/4)
Victoria Exploration 2½
Westfield Minerals C$2.35 (15/4)
Westralian Sands A$1.894 (20/4)
Wharf Hldgs HK$6.9 (15/4)

RULE 535 (2)
Applications granted for specific bargains in securities not listed on any exchange

All England Lawn Tennis £500 Debs 1986/90 £27,000,27,500 (20/4)
Allen (W.H.) 25
Amalgamated Metal Corpn. 150,60,75,90
Appleton Hldgs. 9,10,16
Berwick Group 30.4 (20/4)
Colston (Charles) 275 (15/4)
Dawson (William) 405 (20/4)
Dolphin Intl. 30
Greenstar Hotels 56 (20/4)
Hoskins Brewery 60 (20/4)
Jennings Bros 220,5
Kent (G.B.) 5% Cum. Ptg. Prf. 32 (20/4)
Letinvest 9¼%-11¼% Stppd. Int. 1st. Mtg. Db. 2012£98⅞ (19/4)
Liverpool FC £255 (18/4)
Red Rose Radio A (N/Vtg.) 130 (18/4)
Shepherd Neame 535,40
Southern Newspapers 337
Special Eyes 50 (19/4)
Tadpole Technology 110 (20/4)
Weetabix A 355,60
Winchmore 85 (18/4)
Wynnstay Properties 150,5 (20/4)

By Permission of the Stock Exchange Council

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday April 21 1988.

Property	[illegible]	Industrial Group	+ [illegible]
Contracting,Construction	+ [illegible]	Consumer Group	+ 4.78
Leisure	+ [illegible]	Electronics	+ 4.78
Shipping & Transport	+ [illegible]	Other Groups	+ [illegible]
Investment Trusts	+ [illegible]	Food Manufacturing	+ [illegible]
Oil & Gas	+ [illegible]	Motors	+ 4.10
Agencies	+ [illegible]	Insurance(Life)	+ [illegible]
Telephone Networks	+ [illegible]	Food Retailing	+ [illegible]
Brewers and Distillers	+ [illegible]	Insurance(Brokers)	+ [illegible]
Building Materials	+ [illegible]	Merchant Banks	+ [illegible]
Mechanical Engineering	+ [illegible]	Other Industrial Materials	+ [illegible]
Overseas Traders	+ [illegible]	Textiles	+ 1.97
Insurance(Composite)	+ [illegible]	Stores	+ 1.41
Capital Goods	+ [illegible]	Electricals	+ [illegible]
All Share Index	+ [illegible]	Publishing & Printing	- [illegible]
500 Share Index	+ [illegible]	Mining Finance	- [illegible]
Conglomerates	+ [illegible]	Packaging & Paper	- [illegible]
Financial Group	+ [illegible]	Banks	- [illegible]
Metals & Metal Forming	+ [illegible]	Chemicals	- 4.14
Health & Household Products	+ [illegible]	Gold Mines Index	- [illegible]

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	2	101	10	137	375	55
Corporations, Dom. and Foreign Bonds	2	34	16	29	99	132
Industrials	289	551	710	1,995	1,939	3,854
Financial and Props	75	229	337	703	776	1,738
Oils	23	31	54	128	146	266
Plantations	5	2	6	9	8	48
Mines	44	64	87	214	285	476
Others	55	94	89	305	432	478
Totals	495	1,106	1,309	3,520	4,060	7,047

BANK RETURN

BANKING DEPARTMENT	Wednesday April 20, 1988		Increase (+) or decrease (-) for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	73,082,122	-	11,628,422
Bankers Deposits	1,172,885,475	+	163,405,441
Reserve and other Accounts	1,808,358,257	-	7,804,362
	3,068,878,864	+	143,971,657
ASSETS			
Government Securities	641,398,251	+	60,274,989
Advance and other Accounts	1,024,827,105	-	365,895,486
Premises Equipment & other Secs	1,394,528,048	+	438,545,987
Notes	7,860,398	+	1,079,542
Coin	267,084	-	33,385
	3,068,878,864	+	143,971,657
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	13,532,139,604	-	81,079,542
Notes in Banking Department	7,860,398	+	1,079,542
	13,540,000,000	-	80,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	5,410,226,095	-	2,379,981,477
Other Securities	8,118,758,804	+	2,299,981,477
	13,540,000,000	-	80,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	8	Citibank NA	8	Nat. Bk. of Kuwait	8
Adam & Company	8	City Merchants Bank	8	NatWestminster	8
AAB - Allied Arab Bk	8	Clydesdale Bank	8	Northern Bank Ltd	8
Allied Irish Bank	8	Comm. Bk. N. East	8	Norwich Gen. Trust	8
Henry Ansbacher	8	Co-operative Bank	*8	PK Finans. Int'l(UK)	9
ANZ Banking Group	8	Cyprus Popular Bk	8	Provincial Bank PLC	9½
Associates Cap Corp	10	Dunbar Bank PLC	8	R. Raphael & Sons	8
Authority Bank	8	Duncan Lawrie	8	Roxburghe G'antee	9½
B & C Merchant Bank	8	Equatorial Bank plc	8½	Royal Bk of Scotland	8
Banco de Bilbao	8	Exeter Trust Ltd	8½	Royal Trust Bank	8
Bank Hapoalim	8	Financial & Gen. Sec.	8	Smith & Williamson Secs.	8
Bank Leumi (UK)	8	First Nat. Sec. Ltd.	9½	Standard Chartered	8
Bank Credit & Comm	8	● Robert Fleming & Co.	8	TSB	8
Bank of Cyprus	8	Robert Fraser & Ptnrs.	9	UDT Mortgage Exp	‡9.4
Bank of Ireland	8	Girobank	8	United Bk of Kuwait	8
Bank of India	8	Grindlays Bank	8	United Mizrahi Bank	8
Bank of Scotland	8	● Guinness Mahon	8	Unity Trust Bank Plc	8
Banque Belge Ltd	8	HFC Bank PLC	8	Western Trust	8
Barclays Bank	8	● Hambros Bank	8	Westpac Bank Corp.	8
Benchmark Bank PLC	8	Heritable & Gen Inv Bk	8	Whiteaway Laidlaw	8½
Berliner Bank AG	8	● Hill Samuel	§8	Yorkshire Bank	8
Brit Bk of Mid East	8	C. Hoare & Co.	8		
● Brown Shipley	8	Hongkong & Shangh	8		
Business Mtge Tst	8½	Lloyds Bank	8		
CL Bank Nederland	8	Meghraj Bank Ltd	8		
Central Capital	8	Midland Bank	8		
● Charterhouse Bank	8	Mount Banq Corp.	8		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Sandwise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.00%. Mortgage 9.625% - 10%

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$ 420	65	33 A	-	-	7	53	$ 449.40
GOLD C	$ 440	185	15	70	29.50	23	37	$ 449.40
GOLD C	$ 460	78	3.60	105	19	-	-	$ 449.40
GOLD P	$ 420	-	-	25	5	84	7	$ 449.40
		May 88		Jun. 88		Jul. 88		
EOE Index C	Fl. 200	48	9	1	12.50	-	-	Fl. 208.18
EOE Index C	Fl. 205	49	7	-	-	7	11.50	Fl. 208.18
EOE Index C	Fl. 210	242	4.70	21	7.30	5	9	Fl. 208.18
EOE Index C	Fl. 215	93	3	81	5.40	-	-	Fl. 208.18
EOE Index P	Fl. 185	29	1.50	-	-	-	-	Fl. 208.18
EOE Index P	Fl. 190	36	2.20	22	4.50	-	-	Fl. 208.18
EOE Index P	Fl. 195	73	3.50 A	420	6	-	-	Fl. 208.18
EOE Index P	Fl. 200	229	5	160	8	14	10.30	Fl. 208.18
EOE Index P	Fl. 205	133	7	30	11 A	8	11.50	Fl. 208.18
EOE Index P	Fl. 210	57	9.80 A	5	12.60 B	21	15	Fl. 208.18
EOE Index P	Fl. 215	47	14	5	16	2	18.50	Fl. 208.18
S/FI C	Fl. 185	44	3 B	-	-	-	-	Fl. 187.85
S/FI C	Fl. 190	80	0.60	-	-	-	-	Fl. 187.85
S/FI C	Fl. 195	-	-	50	0.70	-	-	Fl. 187.85
S/FI P	Fl. 185	53	1	5	2.30	4	3.20	Fl. 187.85
S/FI P	Fl. 190	500	3.30	15	4.80	-	-	Fl. 187.85
		Jul. 88		Oct. 88		Jan. 89		
ABN C	Fl. 40	552	1.30	137	2	17	2.60	Fl. 39.80
ABN P	Fl. 35	42	0.70	-	-	-	-	Fl. 39.80
AEGON C	Fl. 75	89	2.50 B	5	3.80	2	5	Fl. 74.10
AEGON P	Fl. 70	164	2.80	8	5.20	-	-	Fl. 74.10
AHOLD C	Fl. 70	149	4.50	-	-	-	-	Fl. 70.20
AHOLD F	Fl. 70	120	3.30	-	-	-	-	Fl. 70.20
AKZO C	Fl. 120	295	2	130	4.50	15	6	Fl. 109.40
AKZO P	Fl. 100	306	4.10	39	6.50	-	-	Fl. 109.40
AMEV C	Fl. 45	70	5.40	-	-	-	-	Fl. 49.80
AMEV F	Fl. 45	57	1.60	65	2.70	-	-	Fl. 49.80
AMRO C	Fl. 70	67	1.40	7	2.50	30	3.50	Fl. 65.90
AMRO F	Fl. 60	105	0.90	-	-	-	-	Fl. 65.90
BUHRMANN-T C	Fl. 45	57	2.10	11	3.70	-	-	Fl. 45.10
BUHRMANN-T P	Fl. 45	67	3.20	-	-	-	-	Fl. 45.10
ELSEVIER C	Fl. 55	116	1.20	48	2.50	-	-	Fl. 49.70
ELSEVIER P	Fl. 50	543	3	15	4.70	-	-	Fl. 49.70
GIST-BROC. C	Fl. 30	243	5	2	6	-	-	Fl. 34.70
GIST-BROC. P	Fl. 35	175	3.40	23	4.50	-	-	Fl. 34.70
HEINEKEN C	Fl. 140	60	2.40	14	4.10 A	100	6.50	Fl. 127.80
HEINEKEN F	Fl. 120	19	4	11	6	100	7 B	Fl. 127.80
HOOGOVENS C	Fl. 45	259	1	50	2.20	-	-	Fl. 38.30
HOOGOVENS P	Fl. 35	271	1.90	17	2.60	-	-	Fl. 38.30
KLM C	Fl. 30	3	5.70	525	6.20 A	-	-	Fl. 34.70
KLM P	Fl. 40	15	6	15	7.20	527	7.80	Fl. 34.70
KNP P	Fl. 100	38	0.50	-	-	-	-	Fl. 126.70
KNP C	Fl. 140	30	2.50	8	5 B	-	-	Fl. 126.70
KNP P	Fl. 130	24	6.90	50	9	-	-	Fl. 126.70
NEDLLOYD C	Fl. 250	176	14.90	14	22	-	-	Fl. 244
NEDLLOYD P	Fl. 220	63	9.50	9	16	-	-	Fl. 244
NAT.NED. C	Fl. 60	123	2.20	20	3.40 A	-	-	Fl. 59.60
NAT.NED. P	Fl. 55	25	1.70	25	2.90	-	-	Fl. 59.60
PHILIPS C	Fl. 27.50	1205	2.30	19	3.10 A	-	-	Fl. 28.10
PHILIPS P	Fl. 50	156	2.80	53	3.60	37	4.20	Fl. 28.10
ROYAL DUTCH C	Fl. 240	281	2.20	85	4	10	6	Fl. 227.80
ROYAL DUTCH P	Fl. 210	191	3.60	15	7.30	-	-	Fl. 227.80
ROBECO P	Fl. 85	59	2.40	21	3.50	-	-	Fl. 88.10
UNILEVER C	Fl. 120	113	1.70	24	3.90 B	17	5.50	Fl. 109.60
UNILEVER P	Fl. 100	307	2.50	15	5.20	1	6.10	Fl. 109.60

TOTAL VOLUME IN CONTRACTS : 21,946

A=Ask B=Bid C=Call F=Put

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	202.1	215.1	-0.6	2.66
UK Smlr Cos Equity	208.0	221.3	-0.1	2.02
UK Spec Sits	61.9	65.3	-0.2	2.87
Income Plus	52.0	56.2	-0.1	5.11
European	158.0	168.1	+0.1	1.39
Far Eastern	52.4	55.8	+0.2	1.95
Japanese	56.3	59.9	-0.3	-
North American	106.4	113.2	+0.2	1.55
Intl Growth	106.7	113.6	+0.3	0.81
Worldwide Venture	52.4	55.8	-0.1	3.16

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-558 2341/275

Equity Growth Acc	17.43	18.57	-0.02	3.34
Equity Growth Inc	17.45	18.57	-0.02	3.34
Intl Growth Acc	16.85	18.03	+0.02	1.73
Intl Growth Inc	16.74	17.92	-0.02	1.73
Global Income Acc	18.65	19.96	+5.46	-
Global Income Inc	18.65	19.96	+5.46	-
Market Leaders Acc	16.31	17.46	-0.04	3.27
Market Leaders Inc	16.09	17.22	-0.04	3.27

Scottish Unit Managers
48 Melville Street, Edinburgh EH3 7HF 031-226 4372

Pacific (z)	82.7	87.8	+0.1	0.00
Income	52.8	56.1	-	4.57
European (z)	33.5	35.6	-0.2	1.79
Nth American (z)	26.0	28.6	-	0.00
Intl Growth	431.7	459.2	+0.8	1.98
Gwth & Recovery	47.1	50.0	-	2.46

Scottish Widows' Fund Management
PO Box 902, Edinburgh EH16 5BU 031-665 3724

Vanguard Trust Managers Ltd—Contd.

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Wellington Fund Mngrs Ltd

Wessex Asset Management

[illegible]

INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	378.4	398.3	—	—
Eb'r Ph. Eq.	330.4	351.4	—	—

Pension Plan Funds
Phoenix

UK Equity Acc.	164.3	172.9	-0.3	—
International Acc.	123.9	129.8	-0.1	—
Property Acc.	128.0	134.7	+0.2	—
Fixed Interest Acc.	156.6	164.8	-0.7	—
Money Acc.	138.6	145.8	-0.1	—
Bldg. Soc. Link Acc.	135.6	142.7	-0.1	—
Special Mngd. Acc. 0	145.9	153.5	-0.3	—

Phoenix/Framlington

Intnl. Growth Acc.	80.4	89.8	-0.3	—
Amer. & Gen. Acc.	78.8	82.9	-0.1	—
Capital Tst. Acc.	166.9	175.5	—	—
Japan & Gen Acc.	182.9	192.0	-0.3	—
American Turn. Acc.	82.6	86.9	+0.2	—
Recovery Tst. Acc.	166.7	175.9	—	—
Special Mngd Acc.	140.1	147.4	-0.2	—

Phoenix/GT

International Acc.	119.2	125.9	-0.3	—
US & General Acc.	84.3	88.7	-0.7	—
Amer Spec Sits Acc.	63.6	66.9	-0.1	—
Japan & General Acc.	183.7	193.3	-0.3	—
Far East & Gen. Acc.	141.0	148.9	-0.2	—
UK Capital Acc.	168.5	177.4	-1.1	—
European Acc.	129.9	136.7	—	—
Special Mngd Acc.	123.9	129.8	-0.5	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N Waterloo, Liverpool 051-928 6655

Managed Fund	262.3	276.2	—	—
Man Pens Inc & Cap Fds.	334.0	351.6	—	—
Money Fund	112.1	118.0	—	—
Pens Mngd Fd (Unit)	81.5	85.8	—	—
Pens Mngd Fd (Acc)	92.3	97.2	—	—
Pens FT30 Fd (Unit)	126.2	132.9	—	—
Pens FT30 Fd (Acc)	[illegible]	[illegible]	—	—

Prudential Assurance Co
Holborn Bars, London EC1N 2NH
Prufund
Managed Apr 20. 198.3

Prudential Holborn Life Ltd
30 Old Burlington St, London W1

Managed Fd.	421.1
Equity Fd.	639.2
Intnl Fd.	291.0
Fixed Int. Fd.	366.8
Prop Fd.	317.8
Cash Fd.	236.2
Pacific Basin Fd.	169.5
North American Fd.	118.2
European Fd	122.2
Holborn Balanced Grth Fd.	98.7
Holborn Strategic Grth Fd.	97.7

Prudential Holborn Pensions
30 Old Burlington St, London W1

Managed	459.5
Equity	646.0
Global Equity	198.3
Fixed Interest	380.35
Property	312.8
Cash	139.3
Index Linked Gilt	165.6
Guaranteed	7.92
International Money	182.2
North American Fd	53.3
Japanese Fund	122.0
European Fund	65.5
Special Situations Fd.	92.5
Communications Fund	78.0
Smaller Cos Fund	94.4

Prudential Pensions Limited

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for August 1987:102.1 and for March 1988: 104.1 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass.	45	.....	3.50	17.78
45	33	Do. 6pc 28 Stb. Ass.	45	.....	3	16.67
45	33	Do 4pc Mixed Ass.	45	.....	2	14.44
75	63	Hung. '24 Ass.	65	.....	2.75	14.37
140	128	Hydro Quebec 15pc 2011	138	[illegible]	15.00	10.52
128	118	Iceland 14½pc Ln 2016	125	[illegible]	14.50	11.41
101¼	96½	Ireland 9¾pc '91-96	100¼	[illegible]	9.75	9.70

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
28⅞	23⅛	TRW Inc. 62½c	23⅝xd	−⅛	$1.60	—	3.7
25⅛	21¼	Tenneco $5	22¼xd	−⅝	$3.04	—	7.5
26½	19½	Texaco $6.25	24½	+½	$3.00	—	6.7
52⅞	43¼	Time Inc. $1	45	.....	$1.00	—	1.2
20⅝	15⅞	Transamerica $1	16½	+⅛	$1.84	—	6.0
10⅛	754p	Transworld Corp $5	946p	+32	20c	—	1.2
20⅛	15	TRINOVA Corp.	15⅞	−⅛	56c	—	1.9
19	15⅛	USX $1	16⅝	+⅛	$1.20	—	3.9
23	17⅝	Utd. Technologies	20⅛	+⅝	$1.60	—	4.3
31⅛	26⅛	US West	27⅛	+⅞	$3.52	—	7.1
21¼	16¾	Waste Management $1	18	+⅛	36c	—	1.1
16⅛	12⅞	Whirlpool $1	12⅞	.....	—	—	—
30⅛	18⅛	Woolworth $3½	28⅛	−½	$1.64	—	3.2

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

230	106	M L Laboratories 1p	215	-10				
133	89	Medirace 10p	121	-3				
38	26	Norton Group 5p	22	.....				
59	36	Oceca Gold IR 2p	57	+1				
50	33	Propeller 1p	46	-4				
31	13	Publishing Hldgs. 5p	15	+1				9.0
80	70	Seacon Hldgs.	78	.....				
27	18	Stats Hldgs. 5p	18	-1				46.0
4½	3	Summit Studios 1p	[illegible]	-¼				17.1
[illegible]	200	Takare	[illegible]	+16	b1.0	8.1	0.5	25.3
[illegible]	41	Theme Holdings	[illegible]	-4	1.1		3.7	
[illegible]	26	Tomorrows Leisure 20p	[illegible]					10.4
[illegible]	0	Tullow Oil 10p	[illegible]	+1				
[illegible]	120	UPL Group 10p	[illegible]	+2	L2.41	2.8	2.6	18.3
[illegible]	120	Unit Group	[illegible]	+2	H4.6	2.5	4.5	10.2
[illegible]	85	Video Tape Recording 5p	[illegible]	.....	L2.3	2.3	3.3	13.2

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	78	.....
Craig & Rose £1 γ	688	.....
Finlay Pkg. 5p γ	78	.....
Holt (Jos) 25p γ	£11¼	+¼

IRISH

Fund 11¾% 1988	£100¼	.....
Nat. 9¾% 84/89	£101	.....
Fin. 13% 97/02	£118⅝	.....
Arnotts γ	290	-10
CPI Hldgs. γ	88	.....
Carroll Inds. γ	152	.....
Hall (R. & H.)	118½	.....
Heiton Hldgs. γ	39	-1
Irish Ropes γ	120	.....
Unidare γ	350	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp.	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	24
Cadburys	26
Charter Cons.	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met.	42
GUS 'A'	110
Guardian	87
GKN	30
Hanson	14
Hawker Sidd.	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen.	30
Lex Service	35
Lloyds Bank	28
Lucas Inds.	62
Marks & Spencer	25
Midland Bk.	35
Morgan Grenfell	35
NEI	10
Nat West Bk.	60
P & O Dfd.	52
Plessey	16
Polly Peck	52
Racal Elect.	22
RHM	35
Rank Org Ord.	60
Reed Intnl.	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	40
Peachey	40
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	10
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FINANCIAL TIMES

Saturday April 23 1988

Ministers act to stem Tory revolt

BY PETER RIDDELL, POLITICAL EDITOR

SENIOR ministers yesterday launched a campaign to rally Conservative support for the Government's controversial social security and poll tax proposals ahead of further threatened backbench revolts in the Commons next week.

The counter-attack, led by Sir Geoffrey Howe, the Foreign Secretary, follows almost daily revolts this week by Tory MPs over the bill introducing the poll tax or community charge. An opinion poll also put Labour ahead of the Tories for the first time in well over a year and there were losses by the Tories in local council by-elections on Thursday.

Sir Geoffrey acknowledged the room for legitimate debate about major issues, including the community charge, but warned that all Conservatives knew that their common political success depended on the party being strong and united.

He said the Tories could not sit back against the challenge of Labour – "the stakes are too high for us to be deflected."

Of Monday's Tory backbench revolt behind a proposal to change the flat-rate community charge to a three-tiered one, Sir Geoffrey said: "We must not allow ourselves to become unduly distracted by an important but second-order debate over detailed mechanics, when the much bigger advantages of the outright abolition of rates are so obvious and so enormous."

He said the charge was a central manifesto commitment.

The Government faces a further revolt over the bill's Commons third reading on Monday night, though its majority should be higher than the 25 it was reduced to on Monday night as some of the previous rebels intend to abstain rather than vote against.

Conservative whips were also warned yesterday of a sizeable revolt next Wednesday when the Commons debates a Labour motion on the housing benefit changes introduced this month.

Existing Tory unease over the provision that pensioners with savings of £6,000 or more lose entitlement to housing benefit altogether has been further increased by the disclosure in a parliamentary answer that the cost of raising the cut-off point to £10,000 is only £60m.

Mr Neil Kinnock, the Labour leader, yesterday claimed during a visit to Wolverhampton that these rules were "deeply unjust and are causing great anguish and poverty."

The social security proposals will be defended in weekend speeches by, among others, Mr Nigel Lawson, the Chancellor, and Mr John Moore, the Social Services Secretary, on the grounds of fairness, simplicity and targeting on those in need.

Conservative unease will be increased by Thursday's local by-elections. Labour announced that it had gained two seats – one from the Social and Liberal Democrats at Bermondsey in London, and another from the Tories at Braintree in Essex – with increased majorities in two other contests.

Other political news, Page 4

Pearson's Les Echos acquisition approved by France

By Raymond Snoddy

THE FRENCH Government has approved the acquisition by Pearson, the British publishing, banking and oil services group, of Les Echos, the French financial daily newspaper.

Mr Edouard Balladur, the French finance minister, has dropped his opposition to the deal because modified terms agreed earlier this month were considered to give better guarantees against any takeover of the French daily by non-European Community interests.

The £88m cash-and-shares purchase is the most dramatic example so far of the policy adopted by Pearson, publisher of the Financial Times, to acquire interests in the business and financial press in different parts of the world.

In January, Pearson said it had signed an agreement with Mrs Jacqueline Beytout, chief proprietor and president of Les Echos, to acquire all the equity of the company, which also publishes medical magazines.

However, Mr Balladur refused to give immediate approval because he felt that Pearson's Community status had not been "durably established." This was taken to be a reference to the fact that Mr Rupert Murdoch, the American-Australian publisher, holds a 20.5 per cent stake in Pearson.

Lord Blakenham, chairman and chief executive of Pearson, said in New York: "I have spoken to Madame Beytout and we are both delighted." He expected the acquisition to be completed quickly.

Mr Frank Barlow, chief executive of the Financial Times, was also very pleased.

The revised agreement enables Pearson to acquire two-thirds of the equity of Les Echos immediately. The remainder will be obtained a year later provided Pearson remains a Community company.

Mrs Beytout will receive 7.3m Pearson shares as part payment for the deal. She has undertaken to give Lazard Frères, the Paris-based merchant bank, which is a Pearson associated company, first refusal should she decide to dispose of them.

Les Echos has a circulation of 70,000 and is printed in Paris, Nancy, Lyons, Toulouse, Nantes and Marseilles. It will continue to be run by its existing management.

It is likely that the Financial Times will be printed in the French capital in a few years, when the Paris presses of the French publication are replaced or extended.

A financial appraisal of Cinco Dias, the Spanish financial daily, has been completed by the Financial Times, which is looking into the possibility of acquiring a 44.5 per cent stake.

French forced to sell UK water stake

By Andrew Hill

THE LATEST Gallic incursion into one of the most obscure backwaters of the British stock market – the statutory water companies – came to an abrupt end yesterday.

The Takeover Panel instructed Lyonnaise des Eaux, one of three big French water companies which have been building stakes in the UK's statutory water companies, to sell its 12.5 per cent stake in East Worcestershire Waterworks. The stake was acquired during the past 10 days in breach of rule 8 (3) of the Takeover Code. That says that anyone owning or dealing in 1 per cent or more of a company involved in a bid should declare any such dealings before 12 noon on the business day following the transaction.

East Worcestershire is the subject of an agreed bid from Biwater, a private water contractor, to which Lyonnaise promptly sold its stake after the panel ruling yesterday. As a result, Biwater is expected to declare its offer unconditional next week.

The statutory water companies supply 25 per cent of the UK's water under agency agreements with the 10 regional water authorities.

The French water companies building stakes in them hope this will give them a foothold in the industry before the planned privatisation of the much larger authorities.

Mr Colin Keer, of Lyonnaise's advisers Bankers Trust International, said yesterday: "We inadvertently transgressed a rule." The bank would be more careful.

Lloyds Merchant Bank, Biwater's adviser, had queried certain share purchases with the Takeover Panel. The bank said the shares had been bought at a particularly sensitive stage of the offer, which closes on Friday.

The panel emphasised "the importance of rule 8 in ensuring a fair market.

Looking for profits in liquid assets, Page 8

'Rocky' Shaw leads managers' buy-out of Lowndes Lambert

BY NICK BUNKER

MR RICHARD "Rocky" Shaw, one of the most flamboyant chief executives of any of London's big insurance brokers, has won his independence via a management buy-out of his company, Lowndes Lambert, from its former owner Hill Samuel, now part of TSB Group.

Hill Samuel would not disclose the price yesterday, but it is believed to value Lowndes Lambert at about £15m.

TSB Group's decision to part with the company had been widely expected because Lowndes Lambert is a Lloyd's of London broker operating in the reinsurance market and in specialist fields of professional indemnity and marine and energy insurance broking for corporate clients.

Mr Peter Ray, Lowndes Lambert's company secretary, said he thought TSB Group had realised there was "little potential synergy" with its own mainly retail financial services operations.

Mr Shaw, 51, will remain Lowndes Lambert's chief executive. He has a keen interest in horses, like many in the Lloyd's market, and counts ownership of a Grand National winner among his past successes. His ocean-going yacht is a familiar sight at Monte Carlo during the reinsurance industry's lavish annual gathering each September.

He is far from popular with rival brokers and has a reputation for being a tough and sometimes unconventional dealmaker. Asked to comment on this, Mr Ray said: "Anyone who is successful has enemies."

An important feature of the deal is that TSB is keeping Hill House Hammond, a Lowndes Lambert subsidiary, which runs 80 High Street motor and household insurance broking outlets.

Hill House Hammond ranks behind the Automobile Association, Swinton Insurance and Key West in the line-up of Britain's biggest chains of personal insurance brokers. Lowndes Lambert, including Hill House Hammond, made after-tax profits of £2.6m in 1986-7, its last full accounting year.

Its executives began planning a buy-out soon after Union Bank of Switzerland made an abortive bid approach to Hill Samuel in July. Mr Ray said the management was concerned for the company's future when it discovered that under Swiss law, the bank would be forbidden to own an insurance broker.

The buy-out is supported by a group of institutional investors led by Candover Investments. The group includes Alan Patricof Associates, ECI Ventures and Mars Securities.

Babies deformed by acne drug

BY RODERICK ORAM IN NEW YORK AND JOHN WICKS IN ZURICH

MORE THAN 1,000 babies have been born with severe and sometimes fatal deformities in the US in the past six years because their mothers used an anti-acne drug made by Hoffmann-La Roche of Switzerland. The figure is an estimate by US government scientists based on extrapolation from a detailed study of the drug's effects in Michigan.

Since it went on sale in the US in September 1982 Accutane has carried a warning that women should not use it if they were pregnant or thought they might become pregnant during treatment. "Severe human birth defects are known to occur in women taking Accutane during pregnancy," the warning reads. It also recommends use of an effective contraceptive.

In Basle yesterday, Hoffmann-La Roche disputed the estimates and said it had always been fully aware of the possibility of birth defects arising from the use of Accutane by pregnant women. The company had therefore "taken necessary precautionary measures and provided appropriate warnings and information to prescribing physicians and patients."

It added that the warnings had been reinforced in the light of experiences gained over the years. The company's "present objective is to reduce further the potential pregnancy risk," it said.

Hoffmann-La Roche said that Accutane, the generic name of which is Iso-tretinoin, was on sale in more than 60 countries. The warnings had been agreed with national health authorities, including the US Food and Drug Administration.

However, US Government officials are worried about the dangers to foetuses when women do not realise they are pregnant. The FDA, a Washington regulatory agency which commissioned the study, will hold hearings on Tuesday on whether sales of Accutane should be severely limited or ended completely.

In the 1960s thousands of severely deformed babies were born in Europe after their mothers took the sedative thalidomide during pregnancy. Thalidomide was never approved for use in the US because of opposition by the FDA.

Up to September the FDA had recorded only 52 babies with deformities caused by Accutane. FDA officials believe many women and doctors failed to link the drug, which is taken orally, to their deformed babies.

Extrapolating from a detailed study in Michigan of the drug's effects, the agency estimated that between 16,000 and 23,000 pregnant women across the country had used Accutane since 1982. Accutane accounts for about $40m-$50m of the group's sales.

Continued from Page 1

Airlines

leo (including British Airways, Alitalia and KLM).

The commission is determined that there should be no bias

It would approve ground handling agreements only if they did not discriminate against certain airlines and several companies continued to offer services.

OFT renews scrutiny Continued from Page 1

in many shares, bolstered by their exclusive access to the inter-dealer broker screens that allow them to trade with each other.

A second complaint is against the exclusive right of market makers to borrow shares and gilt-edged securities through the Stock Exchange money brokers, which operate an overt cartel. During the settlements backlog last year, this facility allowed market makers to borrow shares and deliver them immediately in exchange for cash, thus cutting their borrowings

Sir Gordon lists the various privileges enjoyed by the market makers but concludes that they are balanced by the potentially onerous obligations on market makers to quote continuous prices in stocks.

"This balance does not seem now to be uneven but circumstances may change in a way which would tip it anti-competitively," Sir Gordon concludes.

The International Stock Exchange. OFT, Chancery House, Chancery Lane, London WC2. £1.50.

Continued from Page 1

Music

dent Mitterrand's leading right-wing rival, who started it all last August. Under the instruction of his daughter Claude, he decided to liven up his image by allowing himself to be photographed in a sweatshirt and with a Walkman in French language textbooks, and conceding a startling passion for the US megastar Madonna.

If Madonna did not sing at Mr Chirac's political meetings, Johnny Hallyday did. Hallyday – born Jean-Philippe Smet – brought rock and roll to France and is about as big as they come on the domestic music scene. He even features in French language textbooks as a symbol of contemporary culture.

Hallyday, now 44, is enjoying a second summer thanks largely to a new stable of top-rank songwriters. The only sour note was that two of these, Mr Michel Berger and Mr Jean-Jacques Goldman, who are far from right-wingers, took umbrage that their songs should be sung in praise of Mr Chirac.

Mr Raymond Barre, the other main right-wing candidate, has not been able to come up with much more than Alain Delon, who has a record to his name but is first and foremost a film star. Though more handsome than Johnny Hallyday, he cannot compete in the voice stakes.

The corpulent and professorial Mr Barre confessed in a magazine interview that he liked the Beatles – he finds them "structured" – but has been completely unable to construct a more switched-on image.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Assoc. Energy	58	+	16
Austin Reed A	259	+	12
Brammer	250	+	10
Fisons	259	+	10
Grand Met.	481	+	6
Polly Peck Int.	298	+	6
Quick (H. & J.)	270	+	8
Upton (E.)	80	+	10
Wimpey (Geo.)	270	+	12
FALLS			
Abbey Life	275	–	11
Allied-Lyons	405	–	5
Cable & Wireless	317	–	5
Glaxo	951	–	17
GUS A	£10$\frac{3}{16}$	–	$\frac{1}{4}$
Kwik-Fit	193	–	7
Lloyds Bank	267	–	7
NatWest Bank	528	–	11
Racal Elec.	238	–	5
Saatchi & Saatchi	385	–	8
Shell Transport	£10$\frac{7}{16}$	–	$\frac{3}{16}$
Standard Chartered	438	–	10
Storehouse	281	–	6

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	64	Dallas †		–	–	Madeira	F	19	66	Prague	F	12	54
Algiers	C	19	66	Dublin	C	12	55	Madrid	F	18	64	Reykjavik	F	3	37
Amsterdam	S	10	50	Dubrovnik	S	17	63	Majorca	S	20	68	Rhodes	S	18	64
Athens	S	19	66	Edinburgh	C	8	46	Malaga	F	23	73	Rio de Janeiro		–	–
Bahrain	S	35	95	Faro	F	20	68	Malta	C	20	68	Rome	S	19	66
Barcelona	F	18	64	Florence	S	22	72	Manchester	C	9	48	Salzburg	F	15	59
Belfast	C	9	48	Frankfurt	F	18	64	Melbourne	F	25	77	S'Francisco †	C	11	52
Belgrade	F	19	66	Geneva	S	17	63	Mexico City		–	–	Santiago		–	–
Berlin	F	9	48	Gibraltar	S	22	72	Miami †	S	18	64	Seoul	S	13	55
Biarritz	F	17	63	Glasgow	C	7	45	Milan	S	22	72	Singapore	T	30	86
Birmingham	C	7	45	Guernsey	S	19	66	Montreal †	C	3	37	Stockholm	F	3	37
Blackpool	C	9	48	Helsinki	C	1	34	Moscow	C	18	64	Strasbourg	S	18	64
Bombay	S	32	90	Hong Kong	S	20	68	Munich	F	16	61	Sydney	C	21	70
Bordeaux	S	22	72	Innsbruck	S	19	66	Nairobi	C	23	73	Tangier	F	18	64
Boulogne	F	16	61	Inverness	C	9	48	Naples	S	19	66	Tel Aviv	S	19	66
Bristol	C	13	55	Isle of Man	C	8	46	Nassau		–	–	Tenerife	F	22	72
Brussels	S	13	55	Istanbul	S	14	57	Newcastle	C	7	45	Tokyo	C	20	68
Buenos Aires		–	–	Jersey	S	18	64	New Delhi	S	36	97	Toronto †	S	2	36
Budapest	F	19	66	Johannesburg	S	21	70	New York †	S	6	43	Tunis	S	23	73
Cairo	R	23	73	Las Palmas	S	23	73	Nice	S	17	63	Valencia	F	22	72
Cape Town	F	13	55	Leeds	C	9	48	Nicosia	S	18	64	Venice	S	20	68
Cardiff	S	14	57	Lisbon	F	17	63	Oporto	F	15	59	Vienna	R	12	54
Chicago †	C	6	43	Locarno	C	21	70	Oslo	Sn	3	37	Warsaw	F	14	57
Cologne	F	13	55	London	C	10	50	Paris	F	18	64	Washington †	F	8	46
Copenhagen	C	5	41	Los Angeles †	S	11	52	Peking	F	17	63	Wellington	C	12	54
Corfu	S	19	66	Luxembourg	F	14	57	Perth	C	20	68	Zurich	S	17	63

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Consumer spending rising at more than 6% a year

BY RALPH ATKINS

CONSUMER SPENDING continued to grow at a rate of more than 6 per cent a year into the first three months of 1988, according to Central Statistical Office figures yesterday.

The figures highlight the underlying strength of the domestic side of the UK economy. With consumer spending currently the main engine of growth, they suggest there is little evidence of an economic slowdown.

The wealth and confidence of the consumer sector was also underlined yesterday by Building Societies Association figures showing a sharp upswing in lending by building societies, with advances exceeding £4bn for the first time.

In January-March, according to the CSO's preliminary figures, consumer spending totalled £44.1bn in seasonally-adjusted 1980 prices. That was 0.6 per cent up on the previous three months and 6.2 per cent higher than the same period of 1987.

Spending in high street stores was particularly strong. Purchases of vehicles were also buoyant but spending on energy was lower than usual because of mild winter.

The 6.2 per cent annual growth rate in consumer spending in the first quarter was slightly higher than in the previous three months, largely because spending in early 1987 was depressed by severe weather.

Spending is likely to rise strongly in the next few months as tax cuts announced in the Budget feed through into wage packets. Other factors include high wage settlements, such as this week's awards to public sector workers, and falling mortgage rates.

The first quarter figures added to worries among some independent economists that growth in the economy is unbalanced with strong home demand worsening Britain's trade position and perhaps leading to bottlenecks in industry.

Mr Kevin Boakes, UK economist at Greenwell Montagu, said: "We would much rather growth of consumer spending was about 4 or 5 per cent and to see economic growth coming from investment and a surplus on the balance of payments."

Building society boom continues, Page 4;
Shoppers cautious about store cards, Page 5

THE LEX COLUMN

Building upon rising ground

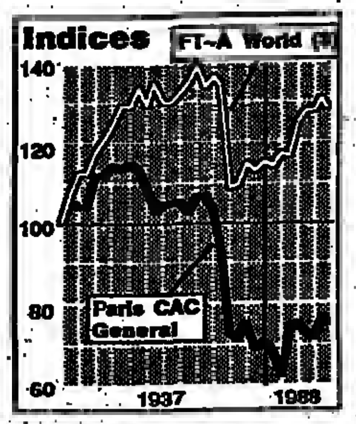
The record mortgage lending figures for March are not wholly unexpected, but they give an extra edge to a worry which is starting to overshadow the housing market. The longer the boom goes on, the nastier it is going to be when it stops. House prices may then mark time rather than collapse, but the same need not be true of land; indeed, if house prices stop rising at the rate needed to justify the prices builders are now paying for their land banks, some of them are going to be in trouble.

For the time being, the pressure for rising prices looks set to continue. The persistent strength of sterling rules out higher interest rates for the time being, and an actual cut is still not impossible. Meanwhile, the figures on institutional cash flow show the immense sums which the October crash has diverted into the building societies. That cash has either been channelled into the housing market direct, or deposited with the banks, who have used it to compete with the building societies in the mortgage market.

Although housebuilders claim to pay for land on the most conservative assumptions – house prices rising only in line with inflation, say – the reality is that land prices are still rising by as much as 50 per cent a year in some parts of the UK. It is also claimed that builders are reducing their land banks, and increasingly buying under option at prices related to market rates in the future; but the average land bank still stretches a couple of years ahead, and probably 80 per cent of that has been paid for in cash.

The risk of collapse should not be exaggerated, since land prices, like house prices, have tended to mark time rather than fall in the past. The present boom, though, is of a type to create precedents; and a recession, or a real tightening of monetary policy, would be enough to kill it. It might not happen this year, but it could be unwise to bet on 1989.

FT Index fell 11.8 to 1411.6



OFT/Stock Exchange

The OFT's latest investigation into the Stock Exchange's restrictive practices is a far more gentle affair than its 1979 report, which precipitated the biggest period of deregulation in the City's history. Nevertheless, it has touched a sensitive nerve by highlighting the potentially serious conflicts of interest which arise from the International Stock Exchange's dual responsibility as a regulator, and as an increasingly important supplier of commercial information.

Rapid access to up-to-date data is the key to financial success for many of the new generation of firms such as Reuters, Telerate, and Dun & Bradstreet, which have prospered in the boom in financial markets. Increasingly, these firms are competing with the world's stock exchanges, which control much of the information, and the ISE, in particular, has yet to demonstrate that it can compete on equal terms with these businesses. The OFT's prodding is not before time.

France

Like many a stock market before it, the Paris exchange spent the last week before the presidential election engaged in an exercise in wish-fulfilment. As tomorrow's poll approached, the slightest suspicion that the right's Jacques Chirac was catching up on President Mitterrand generated a disproportionate rise in share prices, with the CAC General index closing yesterday at its highest level this year.

That said, the gulf between the market's dream of a Chirac victory and its realistic expectation of a Socialist president is probably a matter of no more than five per cent to 10 per cent on the index. Two weeks ago, when opinion polls encouraged the market to think a Mitterrand win a foregone conclusion, the index was stuck stubbornly in the 280 to 290 range, against yesterday's 308.

Logic would have it, then, that a victory for President Mitterrand in tomorrow's first-round vote would mean a five per cent to 10 per cent drop in share prices. But logic will mean little in the fortnight between the first and second rounds of voting on May 8. There will be plenty of room for creative thinking, though, on the questions not only of whether Mr Chirac can pull it off, but of whether a re-elected President Mitterrand would appoint a leftist or centrist Prime Minister, and of whether he would dissolve the National Assembly.

All this is probably of only academic interest to the investor. For whichever combination of presidents, prime ministers and parliaments prevails, the least likely outcome is that President Mitterrand will rediscover his Socialist roots and declare profit the bogey of the left. French corporate profits are expected to rise by eight per cent in 1988 against under six per cent for Europe as a whole, and the French market's prospective p/e of 9.5 is well below Germany's 12.5 and the UK's 11. With the vision of 1992 inspiring a rush of corporate activity – Compagnie du Midi is only the latest example – France arguably offers a better combination of prospective earnings growth and low valuations than any other European market.

Markets

It is hard to deny that a certain drizzling tedium is invading the London markets. Gilts suddenly shed a point-and-a-half yesterday, but that was part technical, part in response to the fact that yields had dropped to 9 per cent earlier in the week; and the range for gilt yields seems to be 9 per cent to 9.5 per cent, just as the range for equities seems to be between 1750 and 1850 on the FT-SE.

Or at least, so one hopes. Yesterday's 20-point drift in equities was on slightly higher volume than usual, and came in spite of an early rise on Wall Street and the start of a new account. But then, there is no telling what Wall Street will do these days; it suffered a bout of late programme selling several days running this week, and although the long bond has been rock steady of late, there is a clear note of nervousness about US interest rates.

As for London, all the best news seems to be in the market already, either from the corporate sector or from the economy as a whole. If the drift continues, it might turn out that the trading range is 1700 to 1800 after all.

WEEKEND FT

Weekend April 23/April 24 1988

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

John Elliott examines Sikh militant demands for a separate state and finds, amid the violence and killings, a strong cry for peace

The Punjab: Gandhi's no-go area

A couple of hours' drive from the Sikhs' sacred city of Amritsar lies a small dusty village in the rich farmland of India's troubled northern state of Punjab. There is a small, white, flat-roofed *gurdwara*, or Sikh temple, in the village, its doors barred for most of the day. It has none of the style nor charisma of Amritsar's famous Golden Temple, which has become a symbol to the world of extremist Sikh demands for an independent country, Khalistan.

In a way it is more threatening because it is a public and religous memorial to two Sikh extremists, Baba Ranjit Singh and Bhai Jagir Singh, killed nearby by security forces. Prayers are said here morning and night. Above a *palki*, or covered altar, are pictures of militants brandishing weapons, including Jarnail Singh Bhindranwale, the leading extremist killed in 1984 when Prime Minister Indira Gandhi, since assassinated, ordered the Indian Army into the Golden Temple. Bhindranwale became a martyr and an inspiration to young extremists.

Surprisingly, the village temple also reflects the cry for peace and the exasperation of ordinary people with both terrorists and the often-corrupt security forces. Nearly 800 people have been killed already this year, about 80 of them - including 20 terrorists - this week. The figure in the previous two years was 1,800.

"The *gurdwara* was built by the militants to keep their sentiments alive, yet they never come here," said a villager dismissively when asked the significance of the shrine built in 1986. "We know Khalistan is impossible and we want peace, so the government should accept realistic Sikh demands. We are tired and sick of all the violence and killings." This attitude is ripe for harnessing in the peace initiative launched last month by Rajiv Gandhi, who succeeded his mother as Prime Minister after she was shot dead by her Sikh security guards five months after the army raid on the Golden Temple. The initiative is based on the release of some militant priests from prison – including 34-year-old Jasbir Singh Rode who, the government hopes, will appeal to Sikh youth.

The idea is that during the coming months he should unite sufficient militants who are willing to give up Khalistan and negotiate a settlement for what Rode calls *pran azadi*, or "complete freedom" within India. It is hoped this would help to defeat the terrorists by cutting their popular appeal and stemming recruitment among the young. Extremists already are undermining the initiative – launched without sufficient political preparation – and Gandhi is under fire for abandoning moderate Sikhs in favour of the militants and for demoralising security forces who were fighting the extremists on a "bullet for bullet" policy.

Ironically, Punjab is India's most successful state economically. The Sikhs are not a deprived or persecuted minority; instead, they boast achievements far surpassing their statistical position as 2 per cent of the country's 800m population. Yet, a movement which started five centuries ago as an assertion of distinctive religous pride, and later of military prowess, has been allowed by successive governments to escalate through India's machiavellian world of self-seeking power politics into a widespread problem of alienation, especially among youth. A desire for a stronger identity within a united India has developed unnecessarily into a call for complete independence which challenges the stability of the country, its government and police as well as the lives of its top leaders.

The Amritsar temple complex, with its central golden shrine sitting in the middle of a rectangular lake surrounded by white cloisters, is a no-go area for police. Never repaired properly since the 1984 battle, it has lost much of its dramatic impact and is no longer thronged with pilgrims. Instead, it is ruled by extremists who openly carry, and sometimes fire, AK47 assault rifles and other weapons, and who display maps showing almost the whole of north India, not just the Punjab, as the area demanded for an independent Khalistan.

Khalistan literally means "land of the pure," but the extremists have a potential assassination list of "culprits" which, they acknowledge, exceeds hundreds of thousands. At the top is Gandhi, who is forced to live with his ministers and senior officials in an unreal world of security cordons, surrounded by aggressive, but often inefficient, gun-toting guards. India's elegant, relaxed capital of New Delhi has been transformed. High fences surround embassies and large houses, police posts and road blocks are sandbagged, and armed guards are everywhere – albeit often only with Second World War .303 rifles. The worst fear is that Sikh extremists, helped by neighbouring Pakistan, will assassinate Gandhi and cause a Hindu backlash of riots and bloodshed that would far outstrip the anti-Sikh riots that occurred in Delhi and elsewhere after Indira's death.

India is a diverse country with 15 main languages and countless dialects, five religions, numerous deeply-felt regional and social rivalries, and widening economic disparities which increase jealousy between communities. In addition to communal riots, there have been many other regional disturbances apart from the Punjab in India's 40 years of independence. They have included almost continual insurgencies in the north-east states around Assam, although these are far away from the country's main land mass and are scarcely noticed in the rest of India.

There were demands in the southern state of Tamil Nadu during the 1950s and 1960s for some form of separate identity, and various states were reshaped after independence along linguistic lines. But divisions along religious lines such as those demanded by the Sikhs are refused by the government, which insists that India is a secular nation. Unity has usually been based on consensus rather than the bullet – apart from the north-east and now the Punjab. There is no real risk of the country breaking up because it is held firmly together by the Hindu ethic of its majority religion, which embraces more than 80 per cent of the population, reinforced by the complex and pervasive caste structure.

However, unity needs constant nurturing and guarding and another Punjab could be created by the recent mishandling of Gurkha demands. The Gurkhas are based around the tea estates and hill country of Darjeeling and want some form of independence from their Calcutta-controlled state of West Bengal. Like the Sikhs, the Gurkhas are a martial race who did well under British rule, especially in the army, and now want a better deal in independent India.

Such disruptions have much more chance of fermenting into crises in states bordering other countries where militants can find safe havens, arms and, perhaps, training. Indian diplomats insist that, since the late 1950s, Pakistan has seen destabilisation of the Punjab as a way of winning the adjacent state of Jammu and Kashmir to the north, which is disputed territory. Arms undoubtedly are smuggled from Pakistan but India's claims, all rejected by the Pakistanis, include allegations that the arms now are being supplied free.

The Sikh religion – Sikh means disciple – was founded in the 15th century by Guru Nanak, son of an accountant living near Lahore. A mixture of Hindu and Moslem upbringing led Nanak, living in a Hindu area over-run by Moslem Moghul conquerers, to found a distinctive religion which fed on both. Sikhism has the monotheism of Islam – the focus of worship is the *Granth*, or holy book – and the Hindu belief in reincarnation, but it shuns the worst inequalities of the Hindu caste system. The faith took roots in Punjab; and 400 years ago the fifth Guru, Arjun, wrote the *Granth* sitting on the banks of a large, sacred pool called Amritsar - which means the pool of nectar. In the middle of the pool he built the Golden Temple, called *Harimandir* or Temple of God.

At the end of the 1700s the 10th and last Guru, Gobind, gave the religion its distinctive martial or warrior style in order to prevent the Sikh identity from being subsumed into Hinduism. The word *Singh*, or lion, was added to all male Sikhs' names. The heyday of Sikhism was the Sikh kingdom of the early 1800s stretching from Peshawar, near Afghanistan, to Kashmir.

Unlike Hindus and Moslems ordinary Hindus and Sikhs always have lived in harmony and still frequently intermarry. Until very recently, Hindus in north India continued a tradition of bringing up one son in the Sikh religion. Such close family ties and other links, based on Hindu businessmen acting for generations as respected moneylenders and grain merchants to Sikh farmers, helped recently to prevent Hindu-Sikh riots in the Punjab where about 60 per cent of the 19m population are Sikh and 40 per cent Hindu.

Politics and religion became mixed inextricably from the 1920s when the Shiromani Gurdwara Prabandhak Committee (SGPC) was formed. Its job was to take over the Golden Temple, which had just been won over from pro-British priests, and to run other *gurdwaras* and their vast incomes from the faithful. The *Akali Dal* also was formed as the Sikhs' political party but has always been so riven with political infighting that, even when Gandhi gave it power in 1985 in a major peace initiative, it could not stay united for long as a governing party.

India's independence in 1947 brought something of an identity crisis – partly because Punjab was split between India and Pakistan - and led to a language movement in the 1950s called *Punjabi Suba* which eventually caused the Indian part of Punjab in be split into today's Punjabi-speaking state and the Hindi-speaking states of Haryana and Himachal Pradesh.

The Sikh population still had only a small majority over the Hindus in Punjab so their search for power and identity continued. In 1973, they drew up the Anandpur Sahib Resolution of economic and religous demands - such as designating Amritsar an official holy city like the Hindus' Varanasi; giving to Punjab alone the capital Chandigarh, now shared with Haryana; an improved share of river waters; and a radio wavelength from the Golden Temple for Sikh programmes. However, none of this was enough to cause today's terrorism, which stems from three more factors: economic frustration, the rise in the late '70s of the extremist Bhindranwale, and the Congress I Party's determination in Indira Gandhi's day to crush all opposition parties, regional as well as national.

The Sikhs, who are the farmers of Punjab, were chosen to spearhead India's green revolution in the 1970s. The green fields, brick dwellings, tractors, and television serials of Punjab are unsurpassed anywhere else in India and the state has India's highest per capita income, the best diet, and the highest consumption of electricity and clothes. But there has been a lack of industrial development, partly because few companies want to invest in a potential war zone close to the Pakistan border, and partly because of the Sikh unrest. The sons of the new-rich farmers, who belong to the proud Jat caste of Sikhs, are not needed on the mechanised farms; in any case, they regard menial work as beneath them - Punjab recruits people from the poor states of Bihar and Uttar Pradesh to do much of the hard labouring in its fields and factories.

The youth became easy recruits early in the 1980s for Bhindranwale's religous extremism, which was said to be trying to save the Sikh identity from sliding back into the easier doctrine of Hinduism. Bhindranwale emerged late in the 1970s as the creation of Indira Gandhi, her late son Sanjay, and a mischievous and wily old politician called Zail Singh who retired recently as India's controversial president. They wanted Bhindranwale to split the SGPC and so weaken the Akali Dal Party to the benefit of Gandhi's Congress I. But Bhindranwale became a force in his own right, turning the peaceful Anandpur Sahib campaign into a reign of anti-government terror run from the Golden Temple which led to the 1984 army raid.

However, even Bhindranwale was equivocal on the issue of Khalistan. He often made his demand sound like some form of devolution within India. This was far less revolutionary than the full independence call which has developed in the past year from the Panthic Committee, the top extremists' body whose members are said to operate from Pakistan and link with an international council of Khalistan. Almost everyone else agrees Khalistan would not work but no one, including Gandhi, is really sure what is wanted as a settlement. "I don't know and I don't think the Sikhs know, either," he has said.

Certainly, the original land and water claims are well down the list, long after others which are crucial, such as releasing hundreds of young Sikh detainees from prison and taking court action against Congress I politicians allegedly involved in anti-Sikh riots after Indira Gandhi's assassination. Rajiv Gandhi has an economic package ready but there is great suspicion at government plans – some critics think he expects his initiative in fail and that the army will then crack down on the Sikhs, so winning masses of the Hindu votes Gandhi needs urgently in the general election due by the end of next year.

Many Sikhs want Gandhi, who says he recognises the need for an emotional gesture, to go to the Golden Temple to make amends. The problem is that the events of the past few years have hurt the pride of almost all Sikhs, from the most rabid extremist to the most placid top businessman. Until that is healed by the government, and until the original centuries-old desire for a proud and permanent identity is satisfied, the demand for Khalistan will become stronger and there will be no peace.

The Long View

Dreamland for long bond investors

Latest money figures continue to aggravate the Government's policy dilemma and make gilt-edged investors nervous about the official commitment to curbing inflation, says Barry Riley

IN *The Hitchhikers Guide to the the Galaxy* the answer to the most fundamental question about life, the universe and everything was 42. In the rather less universal sphere of government bond markets the corresponding answer appears to be 9 per cent.

Take two markets affected by vastly different conditions, those of the US and the UK. One country is in substantial fiscal deficit, but the other is a modest repayer of government debt. One has experienced steady depreciation of its currency for three years, the other has enjoyed (if that is the right word) appreciation over two years. And what do long government bonds yield in each case? Naturally, 9 per cent.

Short rates are, however, another matter. Interest rate patterns in the UK are peculiarly muddled. Whereas the US has the kind of upward-sloping yield curve from the short to the long end of the market which the elementary theories predict – roughly from 6 per cent on Treasury bills to 9 per cent on long Treasury bonds – the UK is definitely not a basic textbook case.

A few weeks ago at the time of the Budget the curve showed hardly any upward slope. Since then the Government's grudging relaxations of interest rates at the short end have allowed a modest gap in open between the return of 7¾ per cent on Treasury bills and the 9.1 per cent available on 25-year gilts. But the actual peak is of some 9.5 per cent among the mediums at 10 years, a bulge in the curve which is partly a legacy of the oversupply of gilts, maturing in the late 1990s, which were poured out in the bad old days of the deficit-ridden 1970s, and which partly also reflects the current surge of corporate issues in the Eurosterling market.

Meanwhile, there is a famine of next century UK Government fixed interest issues, and little sign that a supply will be forthcoming, given that the Treasury has only a comparatively tiny gross borrowing requirement. The Government has been happy to formulate its longest-dated issues (2020 and 2024) on an index-linked basis.

It is all so different in the US where the Treasury continues to borrow on a huge scale and there is no danger of any shortage of long-dated paper. At the same time, the overseas central banks which have been such heavy supporters of the dollar are natural investors in Treasury bills. That has been a reason for the relatively low level of short-term dollar interest rates.

That in turn has helped to put downward pressure on sterling rates. American investors have been able to switch their funds into appreciating sterling and enjoy a point or two of extra income too. Again, that isn't what the textbooks say ought to happen. Surely you ought to make a proper sacrifice for the privilege of investing in strong currencies? The Swiss, after all, have been known to apply negative interest rates to foreign deposits.

Two interlinked problems lie at the heart of the British monetary muddle. One is that nobody can be sure that the Government is determined to make a proper attempt at eliminating inflation, which at 4 per cent for retail prices and 8 per cent for pay is still too high for long-run stability of sterling against the Deutschemark.

The second is that the monetary statistics are in a mess, so that the growth of broadly defined-money continues to be out of control (the latest favourite monetary aggregate, M4, has grown by 17 per cent in the past year) although the significance remains debatable. At least M0, the only remaining targeted monetary aggregate, but now well above its ceiling, has been consigned to the statistical curiosity corner where it belongs.

The monetary picture is a reason for anything between concern and alarm, depending on the vividness of your memories of past monetary excesses. Remember that there has been 21 per cent growth over the past year in M3: that was the version of money which the Treasury used to favour when it was growing more slowly than the broadest measures, but has dropped now that it has begun to grow faster. Inflation on this basis is more likely in go up than down.

Much of the monetary explosion is being generated in the housing market where lower interest rates are further intensifying the prices spiral. Although the effect is localised within the property sector it is bound to trickle out, for instance through "equity release" in fuelling consumer spending more generally, and through upwards pressure on pay rates so that people can join in the property game.

Another part of the monetary surge relates to corporate treasury activities. The monetary numbers are swollen by huge offsetting short term borrowing and lending operations as companies increasingly become their own banks. Presumably the broader significance of these operations is small, but nobody really knows.

The result of this political and statistical confusion is that long gilt investors are unwilling to bid rates any lower. A high rate of pay inflation will leak through into retail prices unless the economy continues in grow so fast that productivity gains can offset it. That is not an encouraging scenario for bond investors already concerned about overheating, and convinced that the drop in short-term rates is a purely temporary phenomenon, which the authorities will eagerly reverse as soon as sterling weakens.

Now, it is possible that a few favourable statistics could change general expectations. Poor consumer spending figures and a couple of months' good trade returns might have a considerable effect. So might signs that the authorities had got their act together. But the Government is still a long way from the necessary attack on the housing bubble.

We can only dream of a country that has Britain's fiscal policy and productivity growth and America's monetary control and efficient labour market. What a buy its long bonds would be, at much less than 9 per cent.

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MARKETS

Lots of bangs and a few whimpers...

EXPLOSIONS, both real and metaphorical, have dominated the mood of the London market this week, and, rather like blast victims, the equity indices have ended up numbed into directionless inactivity.

The week began with explosions in the Gulf, as the Iranian and US forces patrolling the area staged their most serious confrontation yet. The clash pushed up the price of oil sharply, taking the North Sea's Brent blend up to $17.525 a barrel, on the grounds that tit-for-tat attacks on shipping could restrict the 4m barrels of oil currently passing through the Straits of Hormuz daily.

Sterling also rose sharply, with the pound reaching a six- year high against the dollar, closing in London on Monday night at $1.9005. Britain's status as an oil producer was one factor behind this, though the UK's favourable interest rates, compared to other major economies, continued to be a major factor behind the currency's upward surge.

This in turn prompted speculation that another cut in UK bank lending base rates could be on the cards. However, such theories receded on Thursday with the news of a second explosion – that in the UK's bank lending.

Borrowing from banks and building societies in March increased by £6.6bn, the second largest rise recorded, compared to an average of £5.2bn in the previous six months. MO, the Government's key money measure, grew outside its target range for the first time since the Treasury began targetting it in March 1984.

These were very poor figures, which must fuel anxiety about the economy overheating, more imports being sucked into Britain amid a deteriorating trade balance, and inflation spiralling upwards – particularly since the large tax cuts announced in the Budget have yet to feed through into consumer spending.

London

The reaction of the foreign exchange markets, however, ran counter to these fears, with sterling again rising sharply on the grounds that the lending figures will allow the authorities little scope for an early cut in interest rates. The equity and bond markets also responded remarkably phlegmatically, with the FT-SE index actually closing up on the day, preferring to take a more positive lead from Wall Street.

Yet over the Stock Exchange trading account which ended yesterday, the FT-SE index has gone precisely nowhere, ending back at around 1,770 after a brief, unconvincing foray above 1,800. And there seems to be precious little on the immediate horizon to give it a boost.

The Government remains trapped in an unenviable dilemma over sterling: to let the pound appreciate much further will hit industry (and by extension share prices), yet intervention, either through the currency markets or a cut in interest rates, will make its anti-inflationary drive that much more difficult.

The tortuous working through of the problem is likely to keep the equity end bond markets unsettled in the weeks ahead, and this is likely to be reinforced by potentially bearish fall-out from Wall Street, given the current weakness of the US bond market.

So, although London share prices still seems relatively cheap in an international context, it is somewhat surprising that the equity market has been quite as resilient as it has over the past week.

To a considerable extent, it has been sustained by a fresh crop of juicy takeover rumours. The share price of Storehouse, the retailing business headed by Sir Terence Conran, has risen sharply on renewed whisperings that a break-up bid might be in the offing, while takeover tales have also dogged Courtaulds, the textiles group, and Sun Life, the life assurance business.

Strange things have also been happening to shares in Racal, the electronics company, where the volume of trading over the past week has been unusually heavy and the price has moved sharply upwards. Reasons advanced range from a possible bid to a rerating – because of the company's cellular telephone interests – to take account of fresh American interest in this sector.

But, blowing aside this speculative froth, the fact remains that the market has not responded particularly positively to the better-than-expected figures which have marked the results season now drawing to a close and the general optimism shown by companies towards the coming 12 months.

The past week has brought several further examples of particularly strong figures, notably from Taylor Woodrow, the construction group, which produced a 27 per cent rise in 1987 pre-tax profits to £73.1m, and from Inchcape, the diverse international services business.

Taylor Woodrow saw good growth in its three core businesses – contracting, property and housing – and it expects the trend to continue this year. Analysts are expecting 1988 pre-tax profits of around £90m. Taylor Woodrow also announced it was participating in a joint company which will build, own and operate power stations following the planned privatisation of the electricity supply industry. Its partners are BICC, the engineering group, and Schroder Wagg, the merchant bank.

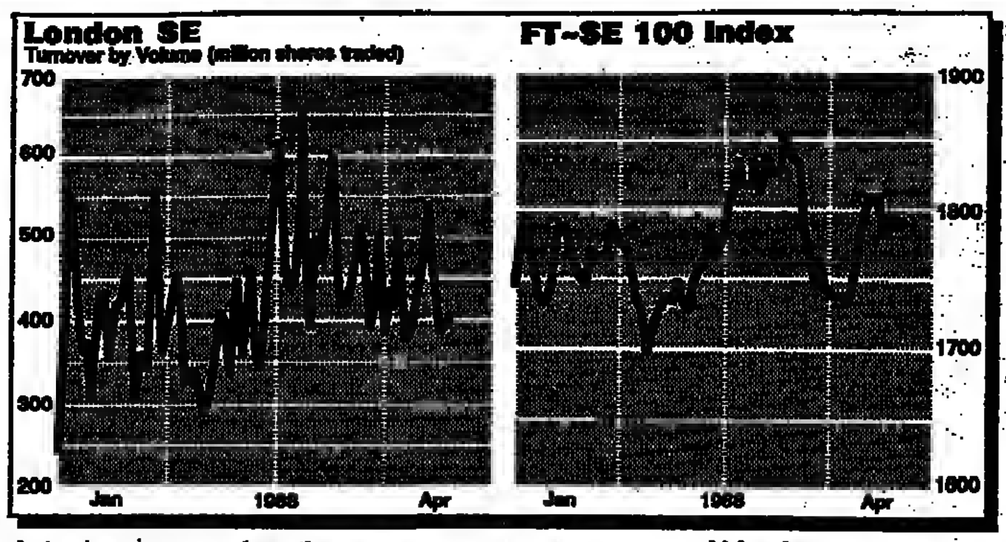
Inchcape turned in pre-tax profits of £116.2m, compared with £86.1m the year before and expectations pitched around £110m. The outcome was a vindication of the strategy of Mr George Turnbull, the former chief of Talbot UK, who took over as chairman of the then dull, stuffy company at the start of 1986.

His plan has been to turn it from a loose-knit overseas trading company, primarly concerned with the Far East, into a tightly controlled company focussed on a limited number of core international services, notably motor vehicle sales.

His rationalisation has transformed Inchcape's City image, though in the final analysis it remain crucially dependent both on the whims of the global consumer and the fate of the Far Eastern economies. Analysts are now looking for over £130m pre-tax profits this year, putting the shares on a prospective p/e of around nine, which is quite reasonable value if you are prepared to take a modestly optimistic view of the outlook for the international economy generally, and the Pacific Rim in particular.

However, over the past few months fund managers seared by last October's crash have hardly been among nature's optimists. There is still precious little sign of their mood changing, even though by historic standards their holdings of cash are unusually large, at around 7 per cent of their portfolios. And with explosive tremors like those of the past week, who can blame them?

Martin Dickson



Win some, lose plenty

ANNIVERSARIES - barring romantic ones - can be hell. Especially if the day being commemorated was one of doom and disaster rather than delight. This week marked the gloomiest in the City calendar - six months since the crash.

Stockbroker Hoare Govett's list of the 30 best and worse share price performers on the Unlisted Securities Market since October 19 makes depressing reading. Of the best performers, only 14 are now above their pre-crash level. Six have shown just single figure percentage increases and only one was higher than 22 per cent - Swindon Private Hospital at 43 per cent. The 30 worst performers showed share price falls from 60 per cent through to 79 per cent.

While definitive trends are hard to detect in the list of winners and losers, some patterns have emerged. The USM traditionally has had a fair proportion of very high-risk companies. Pre-crash, investors were willing to place a lot of faith in such businesses coming good – despite them being in losses for a considerable period - and any positive price move was seen as a sign that the future was looking bright.

Three of the worst performers fall into this category. Memcom International Holdings, which makes electronic filing systems and has seen its price fall by 79 per cent post-crash, reported losses in both 1986 and 1987.

Ambrit International, engaged in developing oil and gas reserves and down 75 per cent, has shown a deficit for the four years 1983 to 1987. And Maxiprint, the start-up photographic enlarger manufacturer which is 74 per cent off, has made losses for both of its years on the USM.

Then there were the "personality stocks" – companies which, according to Marian MacBryde of Hoare Govett's USM team, had a tremendous premium placed on their shares because of new management or new and influential shareholders. These businesses often had a dull record but high-hope value was placed on the future. "Once the crash came, people looked again and felt that the greater risk was not worth so much," says MacBryde.

Mark Paddon, USM analyst for stockbroker W.I. Carr, agrees. "It was the companies bought not on fundamental grounds but purely as speculative buys because of, for example, new management, which got hit the worst."

Junior Markets

Acsis is just such a case. After a troubled history culminating in losses in 1985-86 and 1986-87 and a drastic reduction in stocks and outlets, a controlling interest in the then jewellery company was acquired by South African businessman Darryl Phillips in June 1987. There was an immediate £1.5m rights issue and, on hopes of success for his plan to take Acsis into the highly rated marketing services industry, the shares soared from 20p (adjusted for the rights issue) to 285p.

The market jumped to put its money on Phillips' record but, equally, jumped to get out: since Black Monday, the shares have fallen by 73 per cent. So, Acsis bears the odd distinction of being the award-winning strongest USM performer of 1987 – its shares rose by 2,468 per cent from January 1 to October 19 – and one of the worst post-crash.

A third category of bad performers is those companies which, post-crash, either reported bad figures or warned of bad results to come. While others started to show recovery, many of these companies were kept down or pushed even further off. Whinney Mackay-Lewis and Tribble Harris Li, both architects, are two such sufferers.

Whinney Mackay-Lewis warned a week ago yesterday that two big projects on which it was working had been brought to a premature halt, and that its architectural division was unlikely to make a profit in the second half of the present year. Its shares immediately fell by 82p to 103p and it is now 70 per cent down post-crash.

Tribble Harris Li, at 62 per cent off, issued a warning in February that its 1987 results would not meet analysts' expectations. Its shares dropped 15p to 100p that day and had slipped to 65p yesterday.

As for the favoured few companies which have moved ahead, the linking theme as far as five are concerned – Swindon Private Hospital, 43 per cent up; Marcol Group, 13 per cent up; Prontaprint, 9 per cent up; Oilfield Inspection Services, 8 per cent up; and West Yorkshire Independent Hospital, 2 per cent up – is that all have been the subject of bids.

"The only definite trend on the USM now is the flight to quality," says W.I. Carr's Mark Paddon. "Investors are looking for fundamental stocks. The heady days of buying on the back of rumour are over."

According to County NatWest's Andrew Holland, while quality companies were hit heavily immediately after the crash, they are now on the way back. Shell companies, however, suffered badly and have not recovered as well. "They just don't make you feel secure at night," says Holland.

Fiona Thompson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1411.6	-4.1	1478.7	1340.0	Speculative situations dominate
AMS	45	+11	46	31	Analysts' visit to company
Allied-Lyons	405	+13	411	322	Bond Corp. speculation continues
Austin Reed A	256	+29	256	195	Annual profits up 32 per cent
Bank of Ireland	208	-17	234	200	Buys US bank/$63m rights issue
Brixton Estate	292	+17	292	218	Excellent annual results
Delta Group	299	+22	327	248	RTZ bid hopes
Dubilier	200	+38	220	117	Agreed bid from Peek Holdings
Fisons	259	+24	275	234	Pentamidine drug prospects
Hawker Siddeley	470	+19	508	440	Pleasing annual results
Inchcape	738	+53	800	620	Annual profits exceed expectations
Racal Electronics	238	+17	246	202	Bid speculation
Spice	125	-31	180	123	First-half profits warning
Vaux	579	+41	580	479	Rumours of stake-building operation
Wimpey (Geo.)	270	+28	270	221	Takeover rumours revive

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*							
Deposit account	2.00	2.02	1.66	monthly	1	-	0-7
High interest cheque	4.20	4.28	3.52	monthly	1	1,000-4,999	0
High interest cheque	4.60	4.70	3.86	monthly	1	5,000-9,999	0
High interest cheque	5.00	5.12	4.21	monthly	1	10,000-49,999	0
High interest cheque	5.50	5.64	4.64	monthly	1	50,000 minimum	0
BUILDING SOCIETY†							
Ordinary share	4.00	4.04	3.23	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.60	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.80	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	5.20	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.40	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.49	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.70	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.90	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	8.50	6.38	5.10	yearly	2	5-100,000	30
Income bonds	10.50	8.27	6.61	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.88	6.30	yearly	2	100-100,000	90
33rd issue♦	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	5.76	5.76	5.76	not applic.	3	-	8
MONEY MARKET ACCOUNTS							
Schroder Wagg	5.95	6.12	4.89	monthly	1	2,500 minimum	0
Provincial Trust	6.33	6.52	5.21	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§							
5pc Treasury 1986-89	7.18	5.90	5.14	half yearly	4	-	0
8pc Treasury 1992	8.78	6.75	5.53	half yearly	4	-	0
10.25pc Exchequer 1995	9.20	6.72	5.24	half yearly	4	-	0
3pc Treasury 1990	6.53	5.75	5.28	half yearly	4	-	0
3pc Treasury 1992	7.03	6.21	5.72	half yearly	4	-	0
Index-linked 2pc1992§§	7.15	6.64	6.34	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

A triple target for B&C group

PRE-TAX profits are likely to reach £142m at British & Commonwealth Holdings, the financial services and industrial group which reports its 1987 results on Thursday. The figure – which most analysts have eased downwards in recent months – still approaches three times the £51.5m total for 1986.

Much of this increase, however, reflects the inclusion of Exco for the full year and the acquisition of Mercantile House Holdings in September. Earnings per share, likely to rise by close to 60 per cent, are a better guide to B&C's growth.

The group, headed by Mr John Gunn, is also expected to give a report on the status of Mercantile House's wholesale broking operations – the £280m sale of which to Quadrex Holdings collapsed in February. Their temporary retention in the group is believed actually to have enhanced earnings. B&C will also discuss the future of industrial holding subsidiary Bricom, whose management has suggested a buy-out.

Results Due

Also reporting on Thursday is Tate & Lyle, the sugar refiner, which is mounting a $1.3bn (£700m) takeover bid for Staley Continental in the US. Profits of £44m for the six months to March 26 would represent a 9.5 per cent increase over the 1986-87 interim result. A lower tax charge will help earnings.

UK sugar operations will remain the highlight, with the US refining contribution flat in dollar terms, and down in sterling (although more than half of this year's US earnings have been locked in at $1.67). US motor components are still strong, although a mild winter reduced demand for molasses used in animal feed.

Strong demand for bulk chemicals are expected to help Imperial Chemical Industries to announce profits up from £334m to between £340m and £360m on Thursday for the traditionally quiet first quarter.

Pharmaceuticals, paints, chemicals, and explosives are all expected to show strong growth, although fibres have been subject to price pressure and the fertiliser business has suffered from patchy demand and competition from Eastern Europe.

ICI's dollar exposure is offset by hedging, dollar borrowings and purchase of dollar-priced raw materials and the translation effect on dollar profits is expected to reduce profits by between £10m and £30m.

The results will reflect the first full quarter contribution from the Stauffer agrochemicals business, which is expected to chip in about £3m net of financing costs.

Tarmac, the UK's largest housebuilding company, is expected to follow the trend set by other construction and contracting conglomerates and announce a sharp increase in profits when it reports its 1987 results on Tuesday.

Analysts expect pre-tax profits to increase from £170.5m to about £280m, as a result of the booming construction market. The results will also reflect the first full year contribution from Lone Star, its US cement and ready mixed concrete business, which is expected to produce profits of about $40m.

Shares in Ratners, the jeweller, fell severely in the aftermath of the crash, mainly because of the company's exposure to the US through its acquisition of Sterling last summer. However, strong trading over Christmas should ensure that pre-tax profits more than doubled last year.

Analysts expect around £50m when the company reports on Tuesday, against £22.5m in 1986, despite the impact of the US dollar on the first five month's contribution from Sterling.

Mr Gerald Ratner, chairman and managing director, is likely to report like-for-like sales increases of 35 per cent over the year and to give details of a planned diversification into the market for accessories such as belts and bags.

City analysts are expecting Farnell Electronics, whose full year results are due on Monday, to report a trading profit of between £23 and £24m for the 12 months ending February 1, against £19.6m.

However, profit at the pre-tax level will depend on whether the company makes a provision for the beating it took in the equity market following the October crash. Just prior to the crash, the company invested £10m of its £30m liquid assets in equities, and some analysts expect losses of £2m on these holdings.

Farnell reported investment income of £3.87m in the year ending February 1 1987, but analysts expect only £0.5m this time if a provision is made for losses.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in in pence unless otherwise indicated				
Britoil‡	500*	515	294	2.52bn.	BP
County Props.	205*§	196	142	20.83	Broadlands Props
Crowther (J.)	184	185	174	219.1	Coloroll
Dubilier	206	197	176	94.79	Peek
Est. Prop. Inv.	260*	271	230	63.04	Peachey Prop.
Est. Prop. Inv.	270*	271	265	65.47	Giltvote
Framlington Group	192‡‡	192	170	66.30	Throgmorton Tst.
Glass Glover	240*	240	240	35.47	Dryvale
Guthrie Corp.	292	276	258	221.0	BBA
Henderson Group‡	375*	371	341	84.19	Hepworth C'mic
Kennedy Brookes‡	410*	411	391	173.55	Trusthouse Forte
Marcol	145	141	85	20.69	Cray Elects.
Moorgate Merc.‡	129§	131	138	33.44	Woodchester Invs
Preedy (A.)	244	231	152	22.31	Next
Prontaprint	139§§	132	103	10.16	Cont.Stationery
Memcom Hldgs.	64*	61	53	6.57	Tarmac
Sekers Intl.	170	169	140	16.68	Stoddard
Stanley(A.G.)	281	298	228	103.0	Ward White
Wigfalls	225*§	223	209	16.00	Dixons

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 22/4/88. ‡‡ Nominal of conv. Loan stock. †At suspension. §§Shares and cash. ♦Related to NAV to be determined. ▼Loan stock.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Addison Constancy	Dec	8,530	(6,400)	9.3	(8.8)	2.8	(2.5)
Ashley Laura	Dec	23,800	(21,400)	7.3	(7.2)	2.3	(2.2)
ATA Selection	Dec	780	(359)	-	-	1.8	(1.5)
Atlas Convert	Dec	2,310	(1,600)	18.5	(12.7)	7.0	(3.3)
Bank of Scotland	Feb	131,300	(118,500)	65.2	(57.6)	18.9	(16.1)
Bank of Wales	Feb	2,610	(2,430)	-	(-)	2.8	-
Bardsey	Dec	802	(248)	3.1	(1.0)	0.2	(-)
Barlows	Dec	43	(38L)	0.2	(1.2)	0.7	(0.7)
Blue Circle	Dec	155,000	(127,000)	47.7	(38.3)	15.0	(11.5)
Bodycote Int'l	Dec	8,060	(4,600)	21.7	(12.6)	5.0	(4.0)
Boosey & Hawkes	Dec	973	(1,027L)	15.7	(-)	3.0	(-)
Brixton Estate	Dec	13,200	(10,760)	11.9	(9.8)	7.8	(6.5)
Brown & Jackson	Dec	661	(22)	1.7	(-)	0.1	(-)
Cap & Reg Prop	Dec	453	(132)	-	(-)	0.2	(-)
Chepstow Racecse	Dec	40	(26)	6.5	(3.6)	1.0	(1.0)
Conder Group	Dec	2,600	(1,520)	29.0	(15.0)	5.5	(4.0)
Costain	Dec	66,200	(64,300)	25.7	(27.5)	-	(-)
Coulan Property	Dec	1,850	(1,400)	21.6	(22.7)	7.2	(6.6)
Declan Kelly	Dec	3,100	(1,600)	-	(-)	-	(-)
Dinkie Heel	Dec	134	(26)	-	(-)	0.5	(0.4)
Eadie Holdings	Dec	368	(697)	1.8	(7.8)	1.5	(1.5)
EIS Group	Dec	8,300	(7,000)	22.1	(20.1)	8.3	(7.5)
Epicure Hldgs	Dec	1,260	(277)	2.8	(1.8)	0.7	(0.3)
Epwin	Dec	2,100	(1,830)	12.2	(10.2)	4.8	(-)
Etam	Jan	17,900	(9,666)	19.6	(13.1)	6.0	(4.7)
Ex-Lands	Dec	203	(156)	3.4	(2.7)	0.9	(0.7)
Explaura	Dec	99	(408L)	0.1	(-)	-	(-)
Frost Group	Dec	2,320	(1, 809)	12.5	(10.7)	7.0	(5.2)
Grampian TV	Feb	1,480	(1,717)	6.5	(7.8)	2.5	(2.3)
Gold & Base Mtl	Dec	72	(59)	0.4	(0.5)	0.4	(-)
Hammerson	Dec	54,250	(49,340)	23.3	(18.7)	11.5	(10.5)
Hartons Group	Dec	5,120	(2,540)	5.8	(3.2)	1.5	(1.6)
Hawker Siddeley	Dec	163,200	(152,100)	48.5	(44.1)	19.0	(17.0)
Helical Bar	Jan	7,160	(6,660)	22.1	(20.2)	3.4	(0.4)
Hestair	Jan	13,350	(7,330)	24.3	(18.1)	5.4	(4.3)
Hyman	Dec	1,920	(1,610)	4.2	(3.7)	1.7	(1.5)
IBC	Dec	5,320	(,860)	11.0	(7.0)	3.5	(3.0)
Inchcape	Dec	116,200	(86,100)	73.7	(39.0)	27.0	(21.0)
Jacques Vert	Jan	4,000	(2,840)	28.1	(21.6)	8.5	(7.0)
Kalon Group	Dec	1,450L	(4,920)	-	(-)	-	(-)
Kentish Prop	Dec	3,930	(1,060)	-	(-)	2.2	(-)
Ketson	Dec	495	(94L)	3.8	(2.2)	-	(-)
Laporte Inds	Jan	75,200	(64,200)	35.8	(30.1)	12.0	(10.2)
Liberty	Dec	5,700	(3,960)	53.3	(35.2)	10.6	(9.0)
Menzies John	Dec	2,620	(22,270)	29.4	(24.1)	5.8	(4.6)
Mersey Dcs & Hbr	Dec	3,760	(2,080)	18.8	(10.4)	-	(-)
Morgan Crucible	Dec	31,100	(23,325)	22.0	(20.1)	10.0	(9.2)
Mowlem	Dec	50,200	(30,100)	-	(-)	17.2	(15.9)
Nimslo	Feb	620L	(600L)	-	(-)	-	(-)
OIS	Dec	184L	(982L)	-	(-)	-	(-)
Paramba	Dec	160	(139)	-	(-)	1.4	(1.3)
Propeller	Jan	418	(-)	-	(-)	-	(-)
Reed Austin	Jan	8,100	(5,508)	18.7	(14.1)	8.5	(6.5)
Ropner	Dec	4,130	(2,680)	9.5	(10.5)	7.0	(6.5)
Siddall William	Dec	1,000	(806)	15.7	(12.0)	3.1	(2.5)
Singer & Friedlr	Dec‡	7,100	(-)	3.0	(-)	-	(-)
Southend Prop	Dec	2,500	(209)	3.4	(0.7)	0.3	(0.1)
Taylor Woodrow	Dec	73,100	(53,363)	30.5	(27.1)	10.5	(9.5)
Thorn?	Dec	535	(1,810)	15.9	(52.1)	8.0	(12.5)
Tie Rack	Jan	2,660	(1,840)	5.1	(4.6)	1.2	(-)
Top Value Inds	Dec	1,950	(1,347)	10.6	(8.8)	3.0	(2.5)
W A Holdings	Jan	1,600	(1,020)	3.01	(2.5)	1.2	(1.0)
Whatman R've Ag1	Dec	7,940	(6,760)	22.8	(19.3)	4.0	(3.1)
Yule Catto	Dec	14,050	(10,770)	10.2	(7.7)	3.0	(2.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Broad Street Group	Oct	83L	(281)	-	(-)
Broadcast Comm	Dec	150	(22)	-	(-)
China & Eastern	Jan	1,734L	601	-	(-)
Chrysalis	Dec	2,010	(5,040)	2.0	(2.0)
Country & New Town	Dec	578	(2,680)	-	(0.7)
Cradley Print	Dec	611	(533)	-	(-)
Dewhurst Dent	Jan	633	(584)	-	(-)
Norton Group	Feb	149L	(863L)	-	(-)
Kalamazoo	Jan	284	(576L)	0.5	(-)
Kwik Save	Feb	24,300	(21,457)	2.4	(2.0)
Low William	Mar	4,570	(3,440)	5.5	(5.0)
Regina Health & Bty	Dec	62	(143)	-	(-)
St Ives	Jan	8,500	(7,400)	0.7	(0.5)
Wade Properties	Jan	1,070	(1,020)	1.5	(1.3)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡Figures for 9 month period.

RIGHTS ISSUES

Eadie Holdings has proposed a four-for-seven at 41p a share, to raise £2.2m for the purchase of Ross & Bonnyman.

Geevor Tin Mines has announced a £2.87m rights issue involving the issue of 3,325,000 new ordinary shares of 25p each at 100p per share on a one for one basis.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Clinton Cards is to join the USM in a placing of 2.17m shares at 150p each.

Dagenham Motors is to join the stock market in a placing valuing the group at £18.2m.

Johnston Press is to join the stock market in a placing of 6.1m shares at 122p each.

Micrelec is joining the USM in a placing of of 2.97m shares at 110p each, valueing it at £11.22m.

Moorfield Estates is to join the USM in a placing of 2.4m shares at 120p each, giving the group a market capitalisation of just over £10m.

P&P is joining the main market in a placing valuing it at just under £50m.

Thai Investment Fund is seeking a listing on the London Stock Exchange.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Albany Inv Tst	Monday	0.5	1.5	0.6
BDA Holdings	Tuesday	-	-	-
Beattie James	Friday	-	3.4	1.0
British & Commonwealth Hldgs	Thursday	2.4	3.5	3.5
CI Group	Tuesday	0.5	0.4	0.5
Clarkson Horace	Thursday	2.0	2.7	2.0
Clayton Son & Co	Friday	2.0	7.0	2.0
Davies & Newman Hldgs	Monday	3.0	10.0	4.0
Donovan	Tuesday	-	-	-
Densitron	Friday	-	-	0.7
Eagle Trust	Thursday	-	-	0.1
Ellis & Goldstein	Wednesday	0.9	1.7	0.9
Elswick	Wednesday	-	-	-
Feedex Agricultural Inds	Monday	0.5	1.0	0.5
Fosseco	Wednesday	2.9	6.2	3.5
FR Group	Tuesday	3.0	1.3	0.5
Future Holdings	Monday	-	8.7	-
Gee Cecil	Wednesday	-	1.0	-
Holt (Joseph)	Tuesday	4.0	14.0	0.5
How Group	Monday	-	0.4	0.2
Lenox	Tuesday	-	-	-
London American Ventures Tst	Monday	3.0	0.7	0.7
Martin (R) Grooms	Wednesday	1.0	2.5	1.0
Micro Focus Group	Thursday	-	-	-
Mining & Allied Supplies	Thursday	-	-	-
Molynx Hldgs	Thursday	-	1.5	-
Nordin & Peacock	Wednesday	1.6	2.3	1.6
Plumb Hldgs	Tuesday	-	1.5	1.2
Ratners Group	Tuesday	1.0	3.0	1.2
RKF Group	Monday	-	0.7	-
Scott & Robertson	Tuesday	1.0	2.5	1.0
Scottish Mortgage & Trust	Thursday	0.7	1.3	0.5
Shiloh	Wednesday	1.6	2.6	1.7
Slingsby HC	Thursday	1.2	2.8	1.2
Smaller Companies Int'l Tst	Wednesday	-	1.5	-
Smallshaw R (Knitwear)	Thursday	0.7	2.0	0.7
S & U Stores	Wednesday	-	2.5	1.2
Tarmac	Monday	1.2	4.3	2.0
Triplex	Tuesday	-	0.9	0.5
United Friendly	Monday	6.1	14.9	8.0
Walker Greenbank	Tuesday	-	1.5	0.5
Walker JO	Wednesday	2.0	3.5	2.5
Windsmoor	Thursday	-	2.9	1.2
INTERIM DIVIDENDS				
Allied London Properties	Monday	1.6	0.2	-
Bellway	Thursday	5.0	8.0	-
Castel	Tuesday	1.0	1.6	-
CDFC Trust	Thursday	-	-	-
Clydesdale Inv Tst	Wednesday	-	2.7	-
Coalite	Monday	1.5	3.0	-
Ensign Trust	Thursday	0.7	0.3	-
Equity & Law	Monday	-	-	-
Fenner JH (Hldgs)	Thursday	2.6	3.7	-
Fisher Albert Group	Friday	0.7	0.8	-
Five Oaks Inv	Tuesday	-	1.6	-
Framlington O'seas Inc & Grth	Wednesday	-	-	-
Gleeson MJ Group	Thursday	1.8	4.8	-
Hawthorn Leslie Group	Monday	-	8.3	-
Imperial Chemical Inds‡	Thursday	16.0	25.0	-
Jessups‡	Wednesday	1.7	2.6	-
London Entertainments	Friday	2.5	2.7	-
Lyles S	Monday	1.4	1.7	-
Majedie Inv	Tuesday	2.0	4.5	-
Rosehaugh	Monday	1.0	1.2	-
Scottish Met Prop	Tuesday	1.9	2.7	-
Scottish National Tst°	Tuesday	-	1.3	-
Tate & Lyle	Wednesday	15.0	0.5	-
UK Land	Thursday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡4thQ ‡D. °2D.

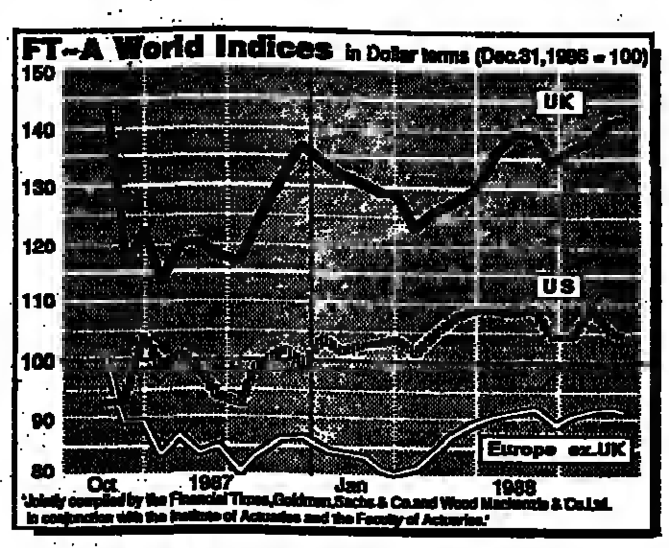
· MARKETS

Why the companies are taking over

WHILE PRIVATE investors and big institutions alike have stood back nervously from most of the world's stock markets since the crash in October, companies have been jumping in with both feet.

The corporate sector has over the last six months provided the central prop for the markets in London, New York, and on many of the bourses of continental Europe. Tokyo, the strongest market of all since October, is the exception.

On the face of it, the wave of corporate mergers and acquisitions throws up uncomfortable parallels to the aggressive takeover activity before the crash. Yet there are substantial differences between this second wave of acquisitions and those of a year ago which should provide comfort to those worried that it is a symptom of market overheating.



'Jointly compiled by the Financial Times, Goldman Sachs & Co. and Wood Mackenzie & Co.Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.'

Takeovers

"There is only one type of buyer of stocks in the US today, and they are corporations, both foreign and domestic," says Mr Robert Salomon, chief equity strategist at Salomon Brothers in New York.

This is also true in much of Europe, although the contrasting view between corporations, on the one hand, and private and institutional investors, on the other, first emerged in the the US. There, the first expression that companies saw value in the lower stock prices was the way that companies moved in after October 19 to buy their own shares.

It is a procedure which is much less involved and therefore much more common in the US than in Europe. Company after company announced its intention to buy back shares, and, although this was seen initially as a public relations exercise to boost confidence, many followed through. Salomon Brothers estimates companies repurchased $40bn of their own shares in the final quarter of 1987.

Thanks to the recovery from the October lows, that strategy has so far proved a great success, although it is obviously vulnerable to market setbacks. "Companies which took that view have come out well ahead. So far, it looks a shrewd move," says Mr Michael Lenhoff, portfolio strategist for Capel-Cure Myers in London.

The natural development from buying one's own shares was to look around to see if the shares of other companies were similarly undervalued. From the evidence since the start of the year, it seems that some companies decided the answer was in the positive.

In the US particularly, the domestic acquisitions have been overlaid by aggressive takeover activity from overseas. Foreign companies have been tempted into the US not only by the correction in the stock market that took place last year, but also by the slide in the dollar that followed the crash, which makes the US look like a bargain basement. Thus we have seen significant numbers of well-publicised bids, such as Beazer vs Koppers and BAT Industries vs the Farmers Group, from the UK.

Japanese companies, buoyed by the exceptional strength of the yen, have also started to move into the US market, as illustrated by Bridgestone's takeover of its rival tyre company, Firestone. Japanese companies have traditionally preferred to start up overseas subsidiaries on greenfield sites but, if Bridgestone's move is a sign that they have become less chary about taking over US businesses lock, stock and barrel, then the longer term market consequences could be significant.

Of course, it is not only a US phenomenon. UK takeovers are also moving ahead apace. London stockbroker Hoare Govett estimates that £6.8bn was paid in the first quarter by UK companies to buy other companies, both at home and abroad. This figure, which excludes some of the bigger deals, such as BAT's $4.5bn bid, compares with £3.8bn in the same quarter of 1987.

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from Dec 31st 1987	£ Sterling % change since Apr 22nd 1987
Australia	+13.3	-19.7
Austria	-9.5	-13.3
Belgium	+21.6	-7.3
Canada	+10.1	-17.3
Denmark	+2.7	-8.3
France	+1.2	-36.0
W Germany	-0.1	-28.9
Hong Kong	+11.9	-19.0
Ireland	+14.3	-13.0
Italy	-1.5	-38.5
Japan	+20.9	-4.6
Malaysia	+14.4	-25.5
Mexico	+32.5	-18.8
Netherlands	+8.0	-18.4
New Zealand	-0.5	-30.7
Norway	+22.1	-18.1
Singapore	+10.4	-25.7
S Africa	-7.0	-38.1
Spain	+13.6	+12.3
Sweden	+20.0	-13.2
Switzerland	-5.5	-28.8
UK	+5.4	-6.0
USA	+2.7	-23.5

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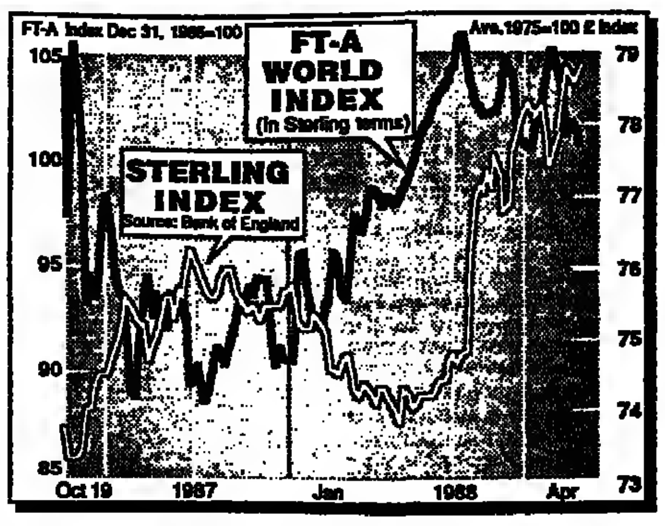
The pace of activity was such that, for the first time in memory, the number of publicly-traded shares outstanding in the UK is thought to have fallen in the first quarter. While this may not be true in the UK for the whole of the year, the phenomenon of disappearing shares is nothing new to US investors. Salomon estimates that by the end of this year about $400bn in shares will have been taken out of the US market – by acquisition, share buy-backs and buy-outs – in five years. Last year, some $90bn disappeared in this way, while the firm forecasts the figure for the current year will be $75bn.

Even the traditionally sleepier corners of Europe are being shaken awake by corporate raiders ostensibly seeking to position themselves for 1992, when national barriers to finance and commerce within Europe are destined to fall. The battle sparked off by Mr Carlo de Benedetti's bid for Société Générale de Belgique is one well-publicised example. The stake being built by Italy's Assicuriazione Generali insurance group for the French insurer Compagnié du Midi is another.

Most of these takeovers, from wherever they are being made, appear to have a strategic objective. There are fewer corporate raiders on the prowl, seeking fast turnarounds by putting companies into play, and fewer financings built on optimistic assessments about future cash flows.

Salomon summarises the differences thus: "The nature of merger and acquisition activity has changed significantly in the past six months. In 1987, takeover activity was characterised in many cases by highly leveraged transactions, frequently involving corporate raiders and deal-makers. Although the merger boom did not grind to a halt, as some thought likely, the character of the transactions has changed significantly. Today's takeover deals are typically of higher quality and the key buyers are now foreign and domestic companies."



In the UK, the picture is similar. Mr Bob Cowell, of Hoare Govett, says there are fewer "wheelers and dealers" in the corporate acquisition scene in the UK and less of what he calls *"zaitech,"* the practice of Japanese industrial companies of boosting earnings by dabbling, sometimes disastrously, in the financial markets.

At the base of the companies' view must be that they see continued prospects for profitability, and, despite the prognostications of economists, have seen little evidence in their own cash flows of the onset of recession.

At the same time, the investor appetite for securities used before the crash to finance acquisitions – such as junk bonds and big share placements – has fallen away. Cash (and, to a certain extent, "conservative" financing tools such as convertibles and bank loans) rules.

If not a speculative bubble which will threaten the market, the mergers and aquisitions surge cannot provide support for it indefinitely. As Lenhoff points out, takeovers for cash provide only a one-time gain to the market, and there is little evidence from past experience that the supposed synergies of corporate takeovers provide any longer-term market benefits.

Stephen Fidler

Anxiety still to run its course

PAST EXPERIENCE suggests that there may be one more big run-up within the next few weeks on Wall Street. But once the next hillock is surmounted, what lies ahead is probably at best a long flat plateau, at worst a bottomless ravine.

It is now six months since the crash of last October. This has been long enough to convince virtually all professional forecasters that the collapse of asset values has had no permanent effect on consumer confidence, industrial investment or economic growth. The US economy has continued to grow at a moderate pace since October and if the trade deficit has showed fewer signs of improvement than optimists had originally expected, this only seems to confirm the fact that the greater danger lies in economic overheating than in falling demand.

Six monthe has been long enough to persuade politicians who previously believed in the omniscience of market forces that there was no good reason for last October's panic. For once, market forces simply made a stupid mistake, the conventional wisdom in President Reagan's White House and Mrs Thatcher's Downing Street now holds.

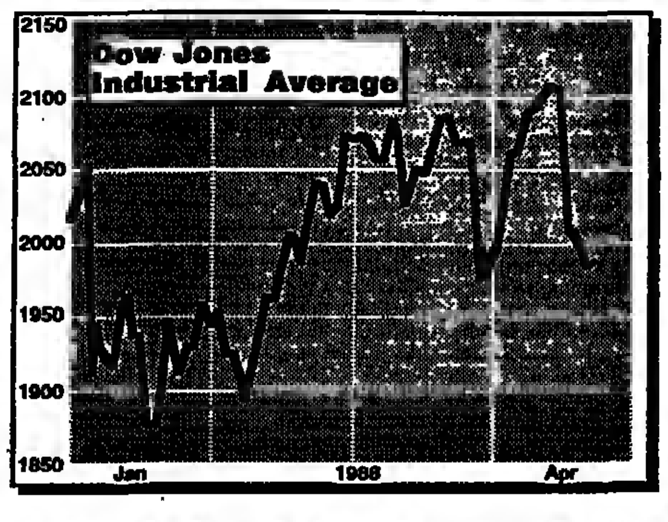
Wall Street

It has also been long enough to reassure private investors that a wise and all-powerful government can continue to guide the world economy away from the perils of financial chaos. So much the better that faith no longer resides not in the chairman of the US Federal Reserve Board, subject as he is to the vagaries of the US political system. Today, the hands that hold up the ultimate safety net for the world's financial markets are perceived to be much surer – they are the anonymous bureancrats of Japan's Ministry of Finance and the quasi-governmental market fixers in the investment institutions and brokerage houses on the Tokyo Stock Exchange.

Finally, six months has been long enough to restore some plausibility to brokers' salesmen on Wall Street, as they return to the serious business of talking up the market in an urgent attempt to preserve their own increasingly precarious jobs. Indeed, one of the surest signs that the recovery phase of the bear market has now almost run its course is the giveaway phrase which was widely repeated by Wall Street investment strategists early this week:

"After this, the downside risk is much smaller than the upside potential," was the standard response of the Pangloss faction to the debacle on Thursday last week, when a 101-point plunge in the Dow Jones Industrial Average swept effortlessly through the restrictions on programme trading and every other technical obstacles the market had constructed to keep the bears at bay.

As the week progressed, however, it became increasingly apparent that the people with the money were not inclined to share the analysts' hopeful outlook. Each time stock prices began to rally, as they did most notably this Thursday, they ran into huge waves of selling just above the 2,000 level on the Dow. On Thursday, in fact, the Dow fell by 40 points in less than an hour just before the close of trading, after being more than 30 points up for most of the day.



This selling was explained, of course, by programme trading and was blamed on speculation in the Chicago futures markets. In fact, the last two weeks' events have added powerful new conviction to the chorus on Wall Street which has called for the total abolition of programme trading. This new speculative element originating in Chicago is denounced for frightening traditional investors away from the stock market. increasingly, equity investment is said to be acquiring the same bad image as trading in commodities such as pork bellies and soya beans.

Yet those who blame programme trading and futures speculation for the listlessness of the stock market – and ultimately, by implication, for the current "low" level of stock prices – leave one all-important factor out of account.

Without the Chicago futures markets, trading on Wall Street might well be smoother, but there would probably be even fewer long-term investors in the market than there are today. The reason is that futures markets enable investors who like the prospects of a particular company to buy its shares, while insulating themselves from the risk of a downward trend in the stock market as a whole.

If they could not hedge by selling futures, many bearish institutions – and probably quite a few individual investors as well – would now be selling their underlying share portfolios. The point is that the people who trade in stock index futures in Chicago are no different from those who buy and sell individual stocks on Wall Street. They are as much a part of the investment climate as any 100-share trade on Wall Street. They simply demonstrate that the same investors who are willing to snap up a Dow Chemical or IBM share after a good results announcement, are deeply worried about the general level of the whole market and the direction of the economy. And that general anxiety is still a long way from having run its course.

Monday	2008.12	- 06.31
Tuesday	1999.50	- 08.62
Wednesday	1985.41	- 14.09
Thursday	1987.40	+ 01.99

Anatole Kaletsky

Clay Harris reports on the attractions of a once-unusual investment

Converted to convertibles

THE DAY of the convertible preference share has arrived. Since the October crash, UK companies and investors alike have increasingly been converted to the attractions of what once was a relatively rare creature.

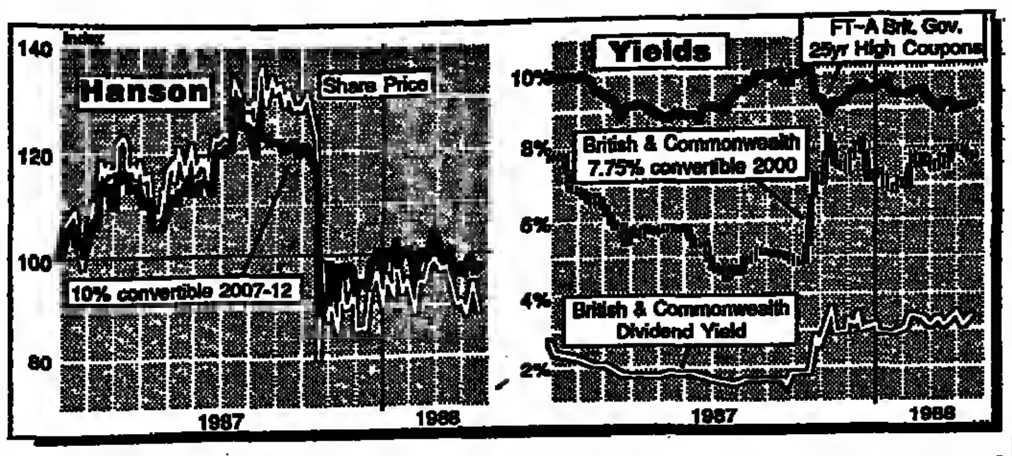
Convertibles – fixed-interest securities which convert at later dates into a pre-determined number of ordinary shares – offer the investor a guaranteed income, with gross yields approaching 8 per cent at present, plus a chance to benefit from a rise in share prices.

For many, a convertible is the perfect each-way bet in an uncertain and volatile equity market, especially as falling interest rates so far have made fixed-rate investments a good choice. In the domestic market alone, convertible issues – including those announced but not yet under way – have raised a total of £1bn since October, according to stockbroker James Capel. Other British borrowers, such as food and restaurant group United Biscuits, have issued convertibles in the Euromarkets.

By contrast, UK issues of ordinary shares have raised less than £600m, if you exclude Barclays Bank's exceptional rights jumbo.

At present, convertible preference shares are more popular with issuers than a close relation, convertible loan stock, although two examples of the latter are still the largest UK convertibles (see chart). For an investor, there is little to choose between the two although, confusingly enough, the interest payment quoted on loan stock is shown before tax whereas that on convertible preferences is shown net of the basic rate.

About 400 UK companies have issued domestic convertibles with a total outstanding value of £9bn. The broader spread of issuers has helped to dilute the proportion of the market represented by two



Hanson issues from 25 per cent in early 1987 to 15 per cent at present. It has also begun to give investors an opportunity to construct a more balanced portfolio of convertibles.

However, the increasing popularity of convertibles has not made them any less complex. Jim Grantham, a director of County NatWest, says: "The paradox is that they're most attractive to the investor who's least able to understand them." They are of real interest to the private investor, but understanding their subtleties takes a bit of work.

Yet, as more companies launch convertibles, more shareholders will be faced with the decision of whether to take up rights.

There are two key figures. One is the premium – the percentage difference between the pre-determined conversion price and the market price of the ordinary shares. The other is the difference between yields on the convertible and the ordinary shares.

In general, the lower the premium and the larger the yield gap, the more attractive the convertible. To take purely hypothetical examples, a convertible with a conversion price standing 10 per cent over the market price, and yielding 8 per cent compared with 2 per cent, would be more attractive than one on a premium of 30 per cent and yielding 7 per cent against 5 per cent.

It is dangerously misleading to consider either factor independently, as the premium will normally narrow as the conversion date nears. Obviously, none of the figures stands still as share prices, interest rates and ordinary dividends change. The greatest imponderable is future growth in ordinary dividends, necessarily a subjective exercise.

If this seems all too complicated – institutions and analysts themselves are developing ever-more-sophisticated computer models – there is an increasing selection of unit trusts to satisfy the appetite for convertibles. High-income investment trusts hold convertibles but none specialises in them.

Among the unit trusts, there is a variety of strategies. With the exception of Windsor Convertible and Equity, one of the purest plays with 98 per cent invested in convertibles, most combine convertibles with equities or with gilts and other fixed-interest securities.

Of two funds launched in February, Edinburgh Fund Managers Convertibles, is split 85 per cent convertibles and 15 per cent high-yielding equities. Brown Shipley Convertible and General is aiming for 70 per cent convertibles and 30 per cent fixed-interest preference shares. Prolific Convertible and Gilt, one of the largest trusts in the sector, has a 75/25 convertible/fixed-interest split.

Other fund managers offering convertible trusts include Baillie Gifford, Framlington, Allied Dunbar and Royal Trust.

It is important to remember that en each-way bet is not a one-way bet. Convertibles may look attractive now but there is no guarantee that this will remain true. Potential investors should consider these factors:

- Apart from the largest issues, trading in most convertibles is less liquid than in the underlying ordinary shares.
- If underlying shares decline or even fail to rise sufficiently, and interest rates go up, the convertible price will fall (in line with all fixed-interest securities) while the potential equity pay-off will recede.
- In a bull market, a convertible almost always will underperform the ordinary share. However, convertibles of the fastest-growth stocks may still match the main market indices, and show a better yield to boot.

A single piece of plastic will do it all, says **Richard Waters**

Universal cards herald new era

THE SEEMINGLY-endless growth in the number of plastic payment cards could be over. The day of the universal card is at hand, complete with any number of new symbols, logos and holograms.

Behind this change lies the move to cashless shopping. The idea is that the customer in a shop, restaurant or petrol station simply hands over a plastic card. This is run through a machine (known in the business as "swiping") and money is moved automatically from the customer's account to the retailer's. No paper, no fuss – and shorter queues at the check-out.

The costs to the customer are also lower. Each transaction bears the same charge as a cash dispenser transaction, rather than the higher charges of clearing a cheque.

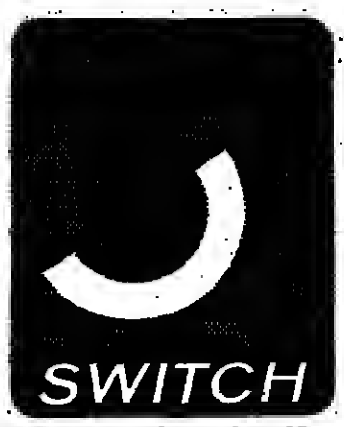
The technology to make this happen is beginning to appear on shop counters. By the end of this year, the plastic cards for use in the machines (known as debit cards) will be available to the customers of all the major clearing banks.

Three banks – National Westminster, Midland and Royal Bank of Scotland – announced their plans this week. They are joining forces to market the cashless shopping idea under a common name: Switch. Customers of the banks will be able to use their Switch debit cards in any shop which has the Switch symbol in its window.

Barclays launched its own debit card, Connect, last summer. It bears the Visa logo, which means it can be used at any of the retailers who accept Visa credit cards. Lloyds has said it will launch a card later this year, also under the Visa system.

Bank customers will not be inundated with new plastic, though. Debit cards are likely to be combined with existing cards. NatWest and Royal Bank, for instance, both now issue customers with separate cheque guarantee and cash dispenser cards. But when Switch is launched in October, the banks are expected to combine the three functions of cheque guarantee, cash withdrawl and automatic debit on one card.

Midland already has a combined cheque and cash dispenser



card and will simply add a Switch logo when they come up for reissue.

The various functions of the card will be identified by logos. The Switch symbol will show that it can be used as a debit card; a hologram will show that it can be used as a cheque guarantee card; and the issuing bank's own device will both help to differentiate the card from others and identify which network of automated cash dispensers it fits.

On top of all this, the card will bear the holder's signature (for use with cheques) and a magnetic strip (for use as debit and cash withdrawl card).

If this isn't enough, other symbols and functions could follow. A Eurocheque symbol, for instance, would enable it to be used as a cheque guarantee card abroad.

This does not, however, mean that shopping will be revolutionised overnight. Debit cards need sophisticated machinery to work on, and there is little of it around. Banks are selling or renting their own machines to retailers. Barclays has installed only around 6,000, while NatWest has 3,000 on site. Many retailers have installed their own intelligent tills in recent years, and the banks claim they can adapt these to accept cards.

Another problem for customers could be the competition between Visa and Swift. Although it is technically possible for all machines to "read" all cards, they have to be adapted to do it. Each bank is unlikely to want the competition's cards run through its system and the two sides haven't yet got together to talk about co-operating. This means that, for the time being, customers will not be able to walk into any shop and have their card "swiped".

Until these issues are resolved, Switch holders will use their cards simply as cheque cards. Holders of Barclay's Connect, on the other hand, must find a Visa outlet, and then often face a paper voucher system similar to that used for credit cards. Alternatively, they can use their Barclaycard as a cheque guarantee card.

David Lascelles writes: Cheque guarantee cards are also about to take on a different face: that of William Shakespeare, your new flexible friend.

Starting in September, British banks will be issuing new cheque guarantee cards in place of the ones that have been in existence for 19 years. The logo will show the Bard of Avon: hence the nickname (which banks already have adopted) of "the Bard Card."

In practice, the new card will make little difference. Apart from its altered design, it will perform the same function as the old one by guaranteeing that an accompanying cheque will be honoured. And the guarantee limit will, disappointingly, remain the same at £50. So why change it?

There are two reasons, says Jim Parsons, the secretary of the banks' cheque card committee. One is that banks are becoming increasingly competitive and they want more room on the card to promote their brand name. That is why the new design has a big empty space on the front for banks to print their names and logos. (Holders will now sign on the back instead).

More important in the long run, though, is that the new cards will become the basis for cashless shopping, and they have been designed to fit the new electronic terminals which are finding their way gradually into retail outlets. So, shoppers will be able to use them to debit their accounts directly without having to write a cheque.

Options open

CITY FUND manager Whittingdale is advising a "two-option" strategy for investors. If low interest rates prevail, says Whittingdale, inflation will pick up and investors should buy commodities and commodity shares. If, on the other hand, there is an international policy of protecting the dollar and controlling inflation, there could be a further steep fall in equity markets and investors should move into strong currencies such as the D-Mark or the yen.

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Norwich and Peterborough, the largest East Anglian-based building society with more than 60 branches in the region, says it has concluded what it believes is the first agreement by a UK society to buy a stockbroking business. It has entered into a conditional contract to acquire Norwich broker Waters Lunniss and Company, and notes that it has already established successful estate agency and insurance services subsidiaries.

One for the children

MIM BRITANNIA, with £1.15bn of funds under management, is launching a new unit trust aimed specifically at children. It will be called the Rupert Children's Unit Trust and will be invested in UK equities selected from the FT-SE 100 index.

Other groups already offer children's plans. Keith Crowley, marketing director of MIM Britannia, says that investment on behalf of children is big business in the UK with an estimated 6m accounts in building societies totalling nearly £450m.

His aim is to associate the fund with Rupert Bear of Daily Express fame, created in 1920 and one of the oldest continuously running cartoon characters in the world.

The theme is reflected in Rupert soft toys, scarves or cards with lapel badges. The toy bears and scarves sell at £10 and £5 respectively or are free with investments above a certain level.

The fund is aimed at parents and grand-parents but any adult will be able to make an investment on behalf of a child. The minimum investment is £50 and a monthly savings scheme starts at £10 a month compared with standard minima for this management company of £500 and £20.

Students of investment-related tax have been waiting for someone to ease the tax complications affecting donors, but MIM Britannia has not found a way to do so. In this scheme, as in others of its type, giving parents will have children's income aggregated with their own. Anyone other than parents will have to reclaim, on behalf of the child, tax paid already.

However, they will not have to worry about what to do with the dividends. The fund will be denominated in accumulation units only, and there will be no actual income distributions.

William Cochrane

Steady as it goes

Ralph Atkins on the low-key appeal of National Savings

NATIONAL SAVINGS may prove profitable for many taxpayers although the organisation has hardly gone out of its way to advertise the fact.

Recent television commercials have focused on National Savings' efforts where it has a big advantage over banks and building societies – attracting funds from the 20m Britons who do not pay tax.

National Savings income and deposit bonds appeal particularly to the retired and to low earners because tax is not subtracted at source. Banks and building societies, on the other hand, deduct tax regardless of status and it cannot be reclaimed.

The organisation's approach to attracting the savings of those who cannot escape paying tax is, however, very different. Since 1986, National Savings deliberately has avoided promoting itself aggressively as an alternative to banks and building societies.

This apparent self-neglect seemed to be confirmed in figures published this week for the financial year which ended in March. The total contribution to government funds of National Savings schemes during the year was just £2.08bn – the lowest figure for a decade.

Within this total, there was a sharp fall in holdings of savings certificates. These are completely free of UK income and capital gains taxes. Although the interest rates may be unattractive to non-taxpayers, the effective rates of return should appeal more to others – particularly higher-rate payers.

Yet, in March alone, withdrawals of capital and accrued interest from fixed-interest certificates totalled £288m, almost double the figure for February. The implication is that National Savings rates are failing to compete with other savings schemes. But life is not that simple.

The drop in the contribution to government funding reflects the public sector's shift from being a net borrower to being a net repayer of debts, as announced by Nigel Lawson, the Chancellor, in his March Budget.

Although the government still borrows money, its need obviously is lessened. This means that it is not going out of its way to be a fierce competitor in the savings markets. But setting interest rates requires fine judgment, and it is most unlikely National Savings would wish to trigger a run on its funds by introducing uncompetitive rates.

Moreover, the indications are that in this financial year, the government is not expecting a further significant fall in the contribution from National Savings. If this is so, its interest rates relative to competitors are unlikely to worsen.

The absolute fall in holdings of savings certificates is less easy to explain. One reason, however, could be that non-taxpayers are becoming more discerning and switching funds into National Savings bonds where the rewards for them are greater.

The present 33rd issue of savings certificates offers a 7 per cent rate of interest guaranteed for five years. Taking into account the tax saving, National Savings calculates that this means an effective return of 9.33 per cent for 25 per cent taxpayers and 11.67 per cent for those paying tax at 40 per cent.

Such interest rates compared favourably with building societies, where money held for a year typically earns 8 per cent for basic rate taxpayers.

The disadvantage with the 33rd issue is that there is a maximum investment of just £1,000. Holders of previous issues can, however, reinvest up to a further £5,000 in the 33rd.

Index-linked savings certificates – the original granny bonds available to all individuals – offer 4.04 per cent interest for five years on top of price rises. Assuming inflation remains above 8 per cent, they offer returns at least as great as for the fixed interest bonds. The maximum investment is £5,000.

Even income bonds, which give a regular monthly income, and deposit bonds for lump sum investments, may offer advantages to certain taxpayers. The rate of interest on both schemes will be cut from 10.5 per cent to 9 per cent from May 1 but this reflects recent general trends in interest rates.

More speculative are premium bonds which offer the chance of winning more than 170,000 cash prizes a month ranging from £50 to £250,000, plus weekly jackpots. The total prize money paid out is 7 per cent of total value of eligible bonds, but this will be cut to 6.5 per cent from July 1. Prizes are tax free.

It is a not an exceptional rate of return but it perhaps appeals to risk-takers.

Jitters over Barclays

Nikki Tait on private investors' concern about 'deep discounting'

INSTITUTIONAL investors may not be the only people unhappy about the giant £921m rights issue from Barclays Bank. Private investors, of whom there are more than 100,000, also have cause for a grouse.

Leaving aside the fundamental question of whether Barclays really needs the money, their concern will centre on the nature of the fund-raising. Barclays has gone for a "deep discount" rights issue. This means that it is offering the new shares at well below the existing market price, thereby introducing a "scrip" element into the issue.

As a result, the risk of sudden market swings leaving the rights price above the market price – therefore deterring shareholders from taking up the issue – is non-existent. That, in turn, means that the bank does not need to underwrite its new shares to ensure that it gets its money.

The benefit of this approach is that Barclays saves underwriting fees – in this case, some £22m. The bad news is that shareholders run a much greater risk of incurring a capital gains tax liability if they decide to sell either all or part of their rights.

The reason is simple. Under the 1979 Capital Gains Tax act, the sale of nil paid rights does not attract CGT so long as the proceeds do not amount to more than 5 per cent of the original investment. In a "normal" rights issue, where the discount ranges between 10 and 20 per cent, the risk of any liability is small. With a deep discount issue, shareholders are far more likely to be caught. The recent Budget has only worsened the position. Chancellor Nigel Lawson reduced the 1988/9 CGT exemption limit to £5,000 and made capital gains chargeable at the investor's marginal income tax rate.

The problem of deep discounts is demonstrated best by a couple of examples. In the recent (conventional) Tootal rights issue, shareholders were offered one new share at 98p for every four held. The pre-announcement price was 117p and the discount just over 16 per cent.

Suppose Mr X owned 4,000 shares and decided against investing any more money in Tootal. The theoretical ex-rights price is 113p and the nil paid shares should sell at 15p. So, with an entitlement to 1,000 new shares, Mr X could raise £150. That represents only 3 per cent of his initial investment.

(As ever, fact and theory are wide apart. The nil paid shares have been trading recently at around 3p apiece – leaving Mr X to raise a princely £30 in all. Thus, the actual figure represents under 1 per cent of the value of his original investment.)

Now look at Barclays. The terms of the issue are one new share at 250p for every two held, and the discount to the 481p pre-announcement price was set at a whacking 48 per cent.

Consider, this time, Mr Y with 2,000 shares. The nil paid do not start trading until April 29. But, again working from the pre-announcement price, the theoretical ex-rights should trade at around 400p and the nil paid at about 150p. Sale of all Mr Y's rights might yield £1,500 – almost one-sixth of his original £9,620 investment. If Mr Y has already used up his CGT exemption limit, a tax bill could loom. (Bear in mind that these figures are only theoretical: the actual outcome could be very different.)

The problem also extends to those investors who wish to sell part of their rights in order to fund the cost of taking up the rest – common enough as an investment strategy. Again, using the theoretical prices, Mr Y might expect to sell the rights on 1,250 shares, raising £937 (1,250 x 75p), and then use that sum to fund the rights call on his remaining 750 shares. The proceeds and the subsequent cost would appear to match exactly.

Except for the tax angle. Mr Y (assuming again that he is over the exemption limit) faces a potential CGT liability on the proceeds of the rights sale, leaving him to dip into his pockets if he wishes to fund the subsequent take-up.

CGT, it should be stressed, will not be charged on the entire proceeds of the rights sale. If rights are sold on the market, this is treated as a "part disposal," with the Revenue reasoning that the rights effectively were acquired when the original shares were purchased. The actual CGT bill, therefore, will depend on the price at which the initial shares were bought, the price at which the rights were sold, and the present market price.

There is, unfortunately, very little that investors can do about the CGT problems on a deep discount issue, except possibly register a protest vote at any shareholders' meeting called to sanction the issue of the new shares. They can only hope that the jittery state of the London market – and, therefore, the underwriting difficulties – does not encourage other corporate fund-raisers to follow the Barclays' route.

Changes for the better

Richard Lambert looks at the effect of the new Financial Services Act on unit trust investors

THE FINANCIAL Services Act has big implications for unit trust investors, and most of the changes it brings are thoroughly welcome. But the big moment will not come next Friday - the so-called "A-Day," when the Act takes effect. Management groups have been given more time to get organised, and so July 1 will be when investors first start to see a difference.

In particular, that will be when the new pricing regime starts to take effect. The most obvious change will be in the prices quoted in the newspapers. Once a week, management groups will have to publish the initial charge made on each of their funds - making it easier to compare the cost of rival funds than it is now.

More important, every fund will have to disclose each day not just its bid and offer price - as happens now - but also the cancellation price. This represents the rock-bottom price available to sellers of the units in question.

Unit trust managers set their prices within a formula laid down by the industry's regulators. This fixes a maximum and minimum price, and managers set the terms at which they are prepared to do business within the overall range. When times are good, they can move their spread up to the top of the permitted range, dropping right down to the minimum if things turn against them.

This means that the price of a particular unit will sometimes move much more sharply - up or down - than could be explained by movements in the stock market as a whole.

Publication of the minimum cancellation price will allow unit-holders to see for the first time whether their funds are being priced at the top or the bottom of the permitted range.

The new rules also will resolve an existing conflict of interest between managers and unit-holders -in a way that decisively favours the latter. In the past, managers have had considerable freedom to create and cancel units to meet sales and purchases. Take an extreme example. The stock market is rising sharply; the management group creates more new units than it needs to satisfy investor demand, and does this on the basis of yesterday's price - which it knows is well below present levels. It holds on to the units for a day or two, and then sells them on to new customers.

By such action, which would be possible only with docile trustees, managers would be profiting at the direct expense of existing unit-holders.

Such abuses may have been rare. But the fact remains that, under the old system, the main risk involved in buying and selling units in a fund that was priced only once a day was born by the unit-holders. Because the freedom to create and cancel new units is now being severely restricted, the main risk will in future be born by the managers themselves - and a good thing, too.

This is why management groups are now in such a tizzy about the basis on which they will buy and sell units in the future. Will they continue to trade on the basis of historic prices - that is, undertake to sell units on the basis of a price which has already been fixed? Or will they move to a system, permitted under the new rules, whereby customers will not know the precise terms on which they have done business until after the *next* price fixing.

The marketing men will urge managers to stick to the historic pricing system. It seems that the unit trust intermediaries, in particular, are keen to know the precise terms on which they have traded. But the finance directors of the management groups will urge caution. If share prices swing violently within a short period, then, under the new system, the management groups could be at serious risk if they are committed to dealing on the basis of out-of-date prices. Only firms with a big capital base could undertake such a commitment prudently.

A big meeting of trust managers on Tuesday showed there was still considerable confusion on this issue. According to a straw poll, most groups have still to make up their mind about what to do.

It seems a fair bet that, over time, most funds will switch to a forward pricing. This is certainly the fairest way of valuing units from the point of view of both managers and unit-holders. Investors obviously would take time to get used to it. But the US fund industry works very efficiently on this basis, and investors in the UK who buy units through newspaper coupons already are effectively accepting forward prices.

In any event, it is likely that the prices quoted in newspapers will in future become more of historic interest, rather than a clear indication of the terms of that day's selling prices. From now on, funds will have to be priced on the basis of the very latest available share prices. Groups may decide to wait until after Wall Street closes to do their sums at night, which means that their prices will not be available in time for the next morning's paper and will appear the following day instead.

Apart from changes in the pricing structure, the new regulations will bring other gains to unit-holders. For the first time, funds will have to make available to investors something approaching a proper prospectus, known as a scheme of particulars. There will be tougher rules on settlement, requiring managers to pay out within five days to sellers of the units.

On the marketing side, managers no longer will be free to pick the most flattering figures by which to judge their performance. Any advertised figures of past performance will have to go back over a five-year period – or to the launch date, in the case of younger funds.

In the new world, it will be legal for salesmen to come to your front door with approved funds for sale. But there will be strict cooling-off and cancellation terms and, in practice, such "cold calling" is likely to be limited to the insurance-based groups.

All these are positive gains. What are the drawbacks of the new system from the investors' point of view? Published prices will tend to become less relevant for buyers and sellers than in the past but, to compensate, the overall pricing system will be fairer for unit-holders.

Prices may become more volatile, since managers will be less willing to ride out market swings without moving their prices up and down within the permitted range.

Some managers are using the costs of the new system as an excuse for increasing their charges. Such claims should be treated with considerable cynicism. It is true that there are extra costs involved. But managers want more money for other reasons as well. There will be no hidden charges under the new system. In the past, managers could round up their prices by as much as 1 per cent: on average, this represented an undisclosed charge of perhaps 0.5 per cent or more.

This margin will disappear at a time when, under the new pricing regime, it will be much harder for managers to make money out of buying and selling units. Finally, and most important, their revenue has been squeezed by the fall in the stock market and in new sales.

When fair play is all that matters

Eric Short scans the annual report of the Insurance Ombudsman

THE POPULAR idea of an ombudsman is that of a bureaucratic Esther Rantzen – a champion of the consumer against the establishment, come what may.

Certainly, this appears to be the attitude of the public towards the Insurance Ombudsman, James Haswell – an idea he has taken great pains to dispel in his bureau's annual report for 1987* published this week.

In previous reports he has stressed his impartiality – acting neither on the side of the companies nor of the consumer.

He accepts that the bureau will receive complaints that may be ill-founded but are still genuine in that the policy-holder sincerely believes the company is wrong.

It appears, however, that a growing number of policy-holders expect the ombudsman to back them when they are actually trying it on against the company by making invalid claims or exaggerating small ones.

Haswell says that people who would not dream of cheating others regard insurance companies as fair game when it comes to making a claim – on the ground that the companies have deep pockets and can afford to pay up.

Indeed, there are policy-holders who try to bully or shame insurers into settling a claim and consider the ombudsman, whose awards are binding on companies up to £100,000, an ideal weapon for extracting money.

Haswell warns these policy-holders that their avarice is leading them into tactics that sometimes amount to blackmail, and urges companies to stand firm against such ruses. They should carry out random checks over a trial period, he says, and be prepared to prosecute with vigour anyone caught red-handed in illegal activities.

At the end of the day, such claimants are taking money from other people. Higher claim costs mean higher premiums.

The ombudsman also makes his usual complaint against companies - that, too often, they do not make clear on policies what is covered and what is not. He urges them to call a spade a spade, particularly when seeking information on previous criminal convictions.

The report shows that the role of the Insurance Ombudsman Bureau is growing, with its workload due to expand further because of the Financial Services Act. During 1987 there were decisions on 1,449 cases, of which only 304 favoured the claimant.

Although these figures might indicate a bias towards the insurance companies, Haswell regards this outcome as par for the course for any ombudsman and is satisfied that he is doing his job.

**The Insurance Ombudsman Bureau – Annual Report 1987, from 31 Southampton Row, London WC1B 5HJ, £2.50.*

FINANCE & THE FAMILY

Eric Short warns of hefty increases in the cost of life assurance

Paying a high price for Aids

NO ONE LIKES to be the first to raise prices in a competitive business. But once someone takes the step, the result can be a stampede. That is just what is happening now in the term assurance business.

An article in these pages a few weeks ago discussed the likelihood that life companies would shortly be increasing their term assurance premium rates because of the higher mortality rate arising from Aids (Acquired Immune Deficiency Syndrome). Our message was: "Buy now before prices are increased." There is still time to beat the increases – but it is *rapidly running out*.

Aids is having a major impact on several areas of life assurance operations. First, life companies are having to tighten up on their underwriting procedures, which had become very lax in the years before Aids. Now, to addition to the normal question on Aids, single men are required to complete a supplementary questionnaire asking if they belong to one of the high-risk Aids groups as defined by the Department of Health and Social Security. They are also asked to have an HIV blood test for sums assured of £250,000 or more.

Next, actuaries in life companies have been strengthening their reserves to allow for an increasing number of Aids death claims from their existing portfolios. However, actuaries are adamant that the Aids risk can not be eliminated solely by tighter underwriting procedures. That means that premium rates, particularly those for pure protection term assurance contracts, have to be increased.

A week ago, Zurich Life Assurance decided to lead the charge by *announcing* a sharp increase in rates. That was just the start. This week, Sun Alliance, a leader in the term field with 10 per cent of the market, announced it was putting up its term rates as from Monday, and increases are expected at any time from Commercial Union. London Life and Provident Mutual have also increased their rates, but with no public announcement.

So, in the language of the high street: "Buy now during the last few days of the sale." If – as expected – life companies follow the example of Sun Alliance, then premium rates will at least double.

Table 1 illustrates the scale of Sun Alliance's rate increases, and underlines the impact of Aids. Even so, the company's actuary has by no means used the most pessimistic basis put forward by the Aids Working Party of the Institute of Actuaries.

Premium rates are affected in two ways by Aids. The higher mortality rate increases the net cost of cover, and the higher costs of Aids underwriting (an HIV blood test with the required counselling costs about £65) increases the expense loadings. In addition, new and higher commission rates come into operation from July 1, increasing the expense loading even further.

One effect of the changes is to widen the cost differential between men and women for term cover. It is generally held that Aids has not as yet jumped the sex gap. So, in theory, rates should not change for women and Zurich Life has left them unchanged. However, Sun Alliance has adjusted its rates for a higher long-term risk to women from Aids. The company has taken the opportunity to reassess its rating structure completely, making actuarial history by producing for the first time a separate rating table for women, instead of an age adjustment to the rates for men.

The other major term companies – General Accident Life and Guardian Royal Exchange – could well move their rates early next month. Indeed, the actuaries in all life companies now have to watch the situation very closely, otherwise they will find themselves swamped with term business at the old, inadequate rates.

Companies which in normal times do very little term business had hoped to wait until July 1 before changing their rates. They now may have to move earlier.

Meanwhile, anyone considering taking out term assurance should do so now. They should be able to get premium quotations from at least a few life companies. Table 2 shows best buys at present although rates could change overnight. However, most companies will hold quotations for 15 days, giving time for investors to decide whether to proceed.

Cost of Term Cover from Sun Alliance
Investor aged 29 Sum Assured £85,000 non-smoker

Term	Men New monthly Premium £	Increase %	Women New monthly Premium £	Increase %
5 years	8.41	57	6.20	16
10 years	13.09	142	6.40	19
15 years	15.04	156	7.10	33
20 years	15.69	121	7.83	36

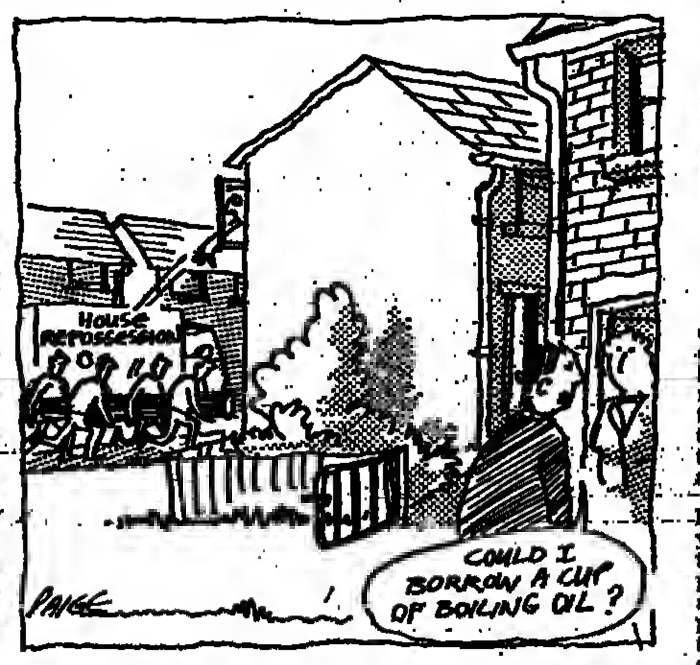
Man aged 29, sum assured £25,000, term 10 years Annual Premium – non-smoker

	£
Western Australia	23.75
Equitable Life	24.00
American Life	26.75
Tunbridge Wells Equitable	27.00
Friends' Provident	27.00
Pinnacle Insurance	27.25
Cannon	28.50
Permanent Medical Sickness	28.50
G.R.E	28.64
Colonial Mutual	28.75

Source: Planned Savings

Let your house - but be wary

Amanda Pardoe explains the finer points of having your property looked-after while you are working abroad



THE ROLE of a landlord rarely is easy. When your property is in the UK and you are living overseas, it is all the more difficult. The distance between you and your home makes even the basic tasks burdensome.

Selling your home is not the right solution; if you resort to this drastic step, you could have serious difficulties on your return to the UK, thanks to the continuing rise in property prices. Similarly, it would be unwise to leave the property empty. It would only deteriorate and might even become a home for squatters. You could, of course, rely on helpful friends and relatives, but even they might find the responsibility too great.

Not surprisingly, there is no shortage of agents who specialise in both residential lettings and property management – for a fee. If you simply want them to let the property, then you should expect to pay around 10 per cent of the total rent. In return, a good agent will select a suitable tenant, take up references, supervise the tenancy agreement, collect rents and arrange inventory checks on the arrival and departure of the tenant, retain a dilapidations deposit and make sure that responsibility for the utilities such as gas and electricity is transferred as required.

Most expatriates prefer to have a full property management service as well. Here, in addition to his standard letting service, the agent might agree to pay outgoings such as rates and any service or maintenance charges, arrange and pay for certain repairs or replacements, inspect the property periodically, and handle insurance claims where appropriate. For this extra service, you will normally have to pay at least another 5 per cent of the total rent.

Other expenses you are likely to incur include a charge for the tenancy agreement, including stamp duty, and a fee for compiling an inventory. The creation of an inventory of the contents of your home, together with a schedule of condition, is essential. As Sandra Blythe, associate director of Hamptons, says: "It is no use just saying you've got four chairs. When you return, you could find you still have four chairs, but with only three legs apiece – and you won't have a leg to stand on!"

Location is of prime importance when it comes to letting your house. According to Hilary Potter, managing director of Bigwood Letting, popular areas in central London include Belgravia, Chelsea, Kensington, Knightsbridge and Mayfair. She says that flats with one, two and three bedrooms are in demand, too.

Tenants tend to be security-conscious so they prefer portered blocks and flats which are not in the basement or on the ground floor. Proximity to the Underground is also a good selling point.

Attractive properties in certain areas outside London can also be let easily. Mary Harris, of Horner Hill in Surrey, lets family homes in Surrey, Sussex and Berkshire; in Cheshire, Denny Tommis, of D. Tommis Property Management, says demand exceeds supply.

Apart from location, the quality of the accommodation must be good. Sandra Blythe says a large percentage of lettings are to Americans, who demand a particularly high standard. "Two bathrooms are preferred and a good shower is a must." The decoration and furnishings must also be attractive. Karen Kaldezar, of PKL, advises: "Neutral colours, large sofas, good-quality carpets, lined curtains and good prints on the wall are what international tenants expect."

Of course, your home could be in the right place but its interior design might not be up to scratch. The agent will advise you accordingly, and many will arrange a "face-lift" for an additional fee.

Even a dream property is not going to produce a fat income, though. Christine Davis, the Prudential's director of lettings, says you might get a gross return of 8 to 10 per cent of the capital value. Other agents are more conservative. The point of letting, of course, is to cover your expenses and prevent your home deteriorating: your financial return is in the capital growth.

Predictably, there are various people who must be notified of your intention to let your home. If you have a mortgage, you must consult your lender. If the property is leasehold, you could need to have the consent of the freeholder. It is also essential that you tell your insurance company.

The Inland Revenue (surprise, surprise) likes to keep an eye on your affairs. If you are treated as non-resident in the UK for tax purposes, then, under the Taxes Management Act 1970, the letting agents are responsible for paying any tax liability on the rent they collect. So, while you are overseas, the agent deducts income tax at the basic rate from the rent.

Some agents place the money on deposit, earning interest on your *behalf*. When your tax adviser agrees your assessment each year, this money is used to settle the bill. Any surplus – together with any interest, where applicable – is returned to you.

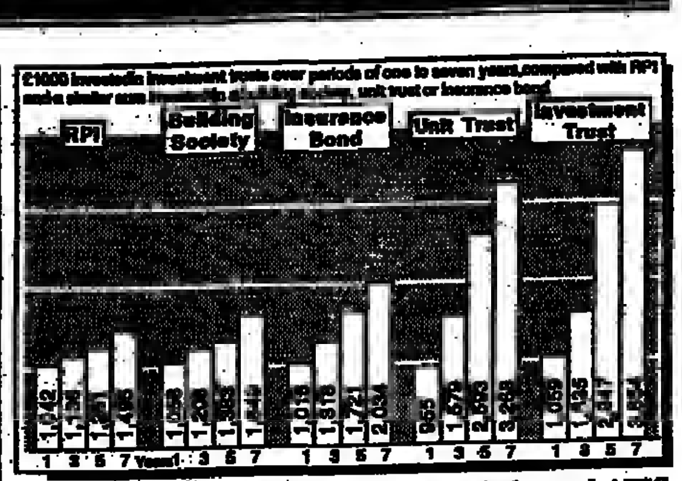
What expatriates fear most is not being able to regain possession of their home. For this reason, agents advise either shorthold or company lets whereby the tenant cannot claim security of tenure under the Rent Act. A shorthold let must be for a minimum of one year.

EXPATRIATES

If you qualify as an owner-occupier and have lived in the property before letting it, you will have the protection of Case II under the Rent Act 1977. Where this applies, you must inform the tenant before the tenancy starts that you will require possession at the end of the lease.

It is usual to add that if you have to return to the UK early, you will give 60 days' notice. If the tenant will not vacate the property at the end of the tenancy, the court has mandatory powers to give repossession in the case of owner-occupiers and shorthold lets, but this could take up to three months and will mean legal costs. For this reason, many agents recommend taking out legal expenses insurance.

Amanda Pardoe is executive editor of The International, the FT magazine for expatriates.



Source: Money Management, Opal Statistics and AITC. Figures over periods to November 1, 1987, adjusted to include reinvested income.

Investment trusts sound battle cry

IT HAS taken them a decade or three, but investment trusts finally are recognising the need to blow their own trumpets. The launch of a performance-monitoring service by OPAL Statistics in conjunction with the Association of Investment Trust Companies (AITC) is the latest example.

Investment trust managers have long complained that unit trusts are sold in preference to their own funds because of the higher commissions raked off by the salesman. Managers say all that should really matter is performance, and the AITC has now come up with figures (see chart) suggesting that, over the long term, investment trusts have knocked spots off most of the competition.

In the past, investment trust performance figures have tended to confuse investors. Net asset values, which indicate the growth of the underlying fund, do not show what the shares are actually worth. Investment trust managers do not like to be judged on the share price, which they claim is "beyond their control." Until now, unit trusts, with *offer-to-bid figures*, have been streets ahead in this respect.

In trying to attract private investors, investment trusts have had the odds stacked against them. Like shares in a company, the investment has to be bought through a stockbroker, effectively cutting off access for the smaller investor. Because they are companies, investment trusts are now allowed to advertise their own shares, which means they cannot take investors' cash through coupon advertising.

Yet, the trusts have been unimaginative in marketing their undoubted virtues. They have banged on about the complexities of discounts and gearing when all they really had to say was "look at our performance."

This is what the OPAL figures now do. Abandoning any attempt to show discounts, they give results over six months and one, three, five and seven years on a mid-price to mid-price, income re-invested basis, plus the top 25 performers over one month.

In the face of more or less continual takeover activity in the sector during recent years, investment trust managers see the private investor as a possible saviour, so they have been pushing regular savings schemes which allow investment of as little as £20 monthly. One benefit of these schemes is that they enable investors to buy shares by writing to the group, as in the case with unit trusts.

Robert Fleming, which accounts for 10 per cent of the capitalisation of the entire sector, has had promising results with its scheme, which has attracted more than 5,000 investors and takes in about £300,000 a month. These figures may not sound impressive until you consider the long-term effects.

Fleming Claverhouse is the most popular trust in the scheme, and the group is buying 0.2 per cent of the trust's total capitalisation per month on behalf of regular savers. That is 2.4 per cent in a year, or 12 per cent in five years, points out scheme manager Simon Crinage.

He acknowledges that, with smaller trusts in the scheme, there is some difficulty in getting hold of enough stock each month – a problem he welcomes, since the increased demand should tend to narrow discounts.

Christine Stopp

An optical illusion

My house, its contents and my personal possessions are insured through a firm of insurance brokers. I recently broke a pair of binoculars and submitted a claim.

The brokers asked me for a written estimate for the replacement value, which I provided. When I did not receive a cheque, I spoke to them and was told that the insurance company now required a receipted bill to prove I had replaced the binoculars.

I pointed out that the insurance company had accepted my premiums over the years and, therefore, it had an obligation to meet my claim. What I did with the money was my personal decision.

They did not agree. Are they correct?

Unless your insurance policy states expressly that you are indemnified only where goods damaged or lost actually are replaced – which is unlikely – you are entitled to insist on payment whether or not you have bought new binoculars.

Renouncing a trust

My mother died in December 1985 leaving her estate of about £74,000 in trust to my father, as life tenant, and to myself absolutely after his death. The estate comprised a half-share in two small properties, my father owning the other half.

In 1987 my father, who is sole trustee, sold one of the properties. In November 1987, he renounced his interest in the trust in my favour. Because he is very secretive, I do not know whether this was done by Deed of Variation of the Will or by Deed of Renunciation of the Trust.

Is this action retrospective to December 1985? In particular, could you please advise me:

1. If capital gains tax on the sale of "my" half-share of the property is assessed on the will trust or upon myself.

2. If there is liable to be a revaluation of the estate for inheritance tax if the sale price of the property was in excess of the probate valuation.

I appreciate that the answers may differ according to the manner in which my father released his interest in the will trust, and that this might also affect the degree of exemption from IHT when my father dies.

1. Your father's action looks like a simple renunciation (not taking retrospective effect). Therefore, CGT on the sale of "your" half-share of the property should be assessed on the will trust.

2. For the same reason, there should be no revaluation of the estate for inheritance tax.

The full facts will eventually become clear to you, of course, since you are now joint owner of the remaining property (tenant in common).

Unfriendly society

A friendly society is responsible for servicing and maintaining the flats where I live in return for regular subscriptions from members, who are the lease-holders. These subscriptions and the savings of the society have been taken over by a firm of estate agents acting contrary to our leases and in breach of the rules of the society.

Is it lawful for a friendly society, with or without the permission of the registrar, to hand over its revenues and/or its reserves to a third party (apart, of course, from a bank, a government agency, post office etc).

If the estate agents have indeed done as you say, and not merely acted as agents for the society, there would appear to have been some wrongful behaviour. You might wish to contact the Chief Registrar of Friendly Societies at 13 Great Marlborough Street, London W1.

A house divided

I am co-executor of my late father's will in which he left his house to be shared equally between me and my brothers. He had shared the house with my younger brother and the house was in their joint names.

After my father's death, my brother sold the house and pocketed the proceeds, saying the title reverted to him. Is this correct or is he entitled only to one-half of the property plus his share of the remainder.

Your brother could be correct, but that depends on whether the equitable interest in the house was a joint tenancy or a tenancy in common. Even if the interest started out as a joint tenancy, it might have been severed during your father's lifetime, thus creating a tenancy in common. Only with a full joint tenancy would your brother be entitled to the whole house survivorship.

Certificate refused

I have a property in multiple occupation which had an established use of seven units of accommodation. Over the years I reduced four of them into two separate units, thus creating five units instead of seven.

I recently asked the local authority for a certificate of established use for the seven original units. It refused although it accepted that I used to have this number.

It also pointed out that, by reducing the seven to five, I had made a change of use. It suggested that I apply for planning consent for five units and abandon my entitlement for an established use certificate.

My problem now is that, under present planning requirements, I could not get consent for five units because one of them has less than 300 sq ft of space. It would have to be left empty in perpetuity.

Am I, in your opinion, entitled to insist on the certificate of established use for seven units?

If your property had an established use you are entitled to a certificate, but that begs the question. What you need to show is that the use which you claim was begun before 1964 and continued without change since then. It seems, therefore, that you are not entitled to a certificate.

Payments too high

Early in 1986, I decided to change my mortgage. At the same time, I took out a life insurance policy in order to fulfil the endowment loan requirements.

After a few months, however, the building society wrote to me saying it would be reverting my monthly payments to the higher repayment basis as it had not received confirmation from my insurance company about the existence of my life policy covering the mortgage.

I wrote to the building society, enclosing proof of my regular monthly payments to the insurance company.

After a delay of about a year, the society decided to change my monthly payments back to the endowment basis. However, between June 1986 and June 1987 the society charged me an incorrect, and higher, monthly premium through no fault of mine. The total amounts to approximately £800.

Repeated requests for reimbursement of the amount due has produced no result.

As the difficulty appears to stem from lack of proof of payment for your endowment policy, you might care to raise the matter with the Insurance Bureau at 31 Southampton Row, London WC1B 5HJ.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Secret accounts

I have two grandchildren aged eight and 10. Several years ago, and unknown to their parents, I opened National Savings investment accounts in their names. Both accounts have reached about £5,000 with interest of about £500 untaxed at source.

The parents are recently divorced, the mother having custody of both children and receiving maintenance allowances under a court order equal to a single person tax allowance. Neither child has any income apart from the £500 interest on which income tax must now be paid.

I want to prevent the parents getting involved in tax returns which will give knowledge both of the nest-eggs and the interest. Will it be in order for me to reveal the above facts to my tax inspector, to offer to pay the tax annually, and to ask him to treat the case as confidential, revealing nothing to the parents?

Since both children are over seven, surely they are now entitled to operate their respective accounts – and you have no right to prevent them doing so, have you? Check the terms on which you opened the accounts.

CHESS

THE NEW Plaza International Hotel in Wellington, New Zealand, staged and sponsored the strongest-ever tournament in Australasia last month, evidence of growing interest aroused by expatriate Kiwi Murray Chandler's successes in world events.

The organisers chose a blend of local experts and interesting grandmasters – Chandler; the 18-year-old Hungarian girl, Zsuzsa Polgar; Eduard Gufeld, the jovial GM from the USSR; Larry Christiansen, of the US; and (not least) Boris Spassky, the ex-world champion.

Spassky admitted before the start that "I became too lazy" but claimed to have rediscovered his appetite for creative chess. He dropped draws against three New Zealanders but won with the zestful King's Gambit against Polgar; beat Gufeld – who, says the official report, "distinguished himself by eating four desserts a night in the Plaza restaurant" – and probably merited an outright win.

In the event, he tied with Chandler and Gufeld on 7½/10, with Christiansen and Polgar a point behind.

Chess sponsorship or support from international hotels seems to be a growing and logical trend. London organisers now think automatically of the Park Lane, which hosted the 1986 K v. K match as well as several Lloyds Bank Masters. The New York Open is traditionally at the Penta while, nearly two decades after the legendary Fischer-Spassky series, we still remember the Loftleidur and its desperate negotiations to keep the American playing.

The Plaza went further than most by providing sponsorship, accommodation and a venue for the entire event, which was part of a global arts festival. Cellist Rostropovich and conductor Shostakovich often came to watch their former compatriot, Spassky, in action. Here is his best win.

White: B. Spassky (France).
Black: E. Gufeld (USSR).
Sicilian Defence (Wellington, 1988).

1 P-K4, P-QB4; 2 N-QB3, N-QB3; 3 P-KN3, P-KN3; 4 B-N2, B-N2; 5 P-Q3, P-Q3; 6 P-B4, P-K3; 7 N-KB3, KN-K2; 8 O-O, O-O; 9 B-K3, N-Q5; 10 B-B2, NxN ch; 11 BxN, N-B3; 12 B-N2, N-Q5?

Spassky used this closed system successfully in his 1968 candidates' match against Geller and has reverted to it occasionally in critical games since. Black's last move is inaccurate, allowing a temporary space-gaining pawn sacrifice; better R-N1 or P-N3.

13 P-K5! PxP; 14 PxP, BxP; 15 N-K4, P-B4; 16 NxP, Q-Q3.

Black now has a passive position, with a pawn weakness at his K3, so a better practical chance is 16 . . .Q-B2; 17 P-QN4, N-N4; 18 P-QR4, BxR; 19 QxB, N-Q3; 20 B-Q4 when White has substantial compensation for his sacrificed exchange but still has to prove anything concrete.

17 P-QN4, R-N1; 18 P-B3, N-N4; 19 P-Q4, B-B3; 20 Q-N3, P-N3; 21 N-Q3, B-QN2; 22 BxB, RxB; 23 P-QR4, N-B2; 24 KR-K1, N-Q4?

Losing more time; from now on, Black is definitely lost. Instead R(2)-N1, planning to regroup pieces in the centre, gives a harder fight.

25 P-B4, N-K2; 26 N-B4, N-B3; 27 RxP, QxNP; 28 Q-Q3, N-K2; 29 B-K1, Q-N7; 30 B-B3, Q-N6; 31 RxB! RxR; 32 P-Q5, K-B2.

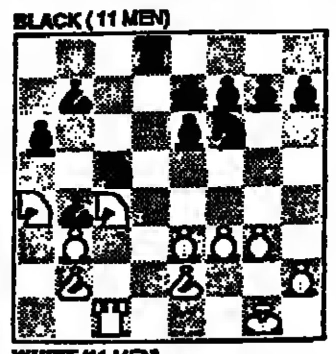
White's sacrifice of rook for bishop is typical for such positions, aiming for a decisive attack on the diagonal QR1-KR8, e.g. R-Q3; 33 R-N1, QxRP; 34 Q-Q4, K-B2; 35 Q-N7 ch, K-K1; 36 B-N4.

33 N-K6, RxN.

The double threat is 34 N-Q8 ch and 34 N-Q4 regains material, while the Black king is exposed fatally

34 PxR ch, KxP; 35 R-K1 ch, K-B2; 36 Q-Q4, QxRP; 37 Q-N7 ch, K-K1; 38 B-B6, K-Q1; 39 Q-B8 ch, Q-K1; 40 R-Q1 ch, R-Q2; 41 BxN ch, K-B2; 42 QxQ, Resigns.

BLACK (11 MEN)



WHITE (11 MEN)

PROBLEM No. 719

B. Spassky v. M. Chandler, Plaza International, Wellington 1988. It was the final round with first prize at stake. Spassky (White, to play) thought for 20 minutes, then played 1 NxN, BxN; 2 K-B1, and the grandmasters agreed a draw after a few more moves. Can you do better than Spassky?

SOLUTION PAGE XVIII

Leonard Barden

BRIDGE

MY HANDS TODAY are from rubber bridge. Look first at *A Fair Trial*:

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              N
           ♠ K J 3 2
           ♥ K 8 4 3
           ♦ 7 5
           ♣ 6 4 2
   W                     E
♠ 10 5               ♠ 9 8 7
♥ A 7                ♥ Q 5
♦ 10 6 4 3           ♦ K Q J 9 8 2
♣ K Q J 8 3          ♣ 10 9
              S
           ♠ A Q 6 4
           ♥ J 10 9 6 2
           ♦ A
           ♣ A 7 5
```

With East-West game, South dealt and bid one heart. North raised correctly to two hearts and did not introduce his spade suit. South now made a trial bid of two spades, asking his partner to bid game in hearts if he had a good raise and a fit in spades. This bid is, of course, forcing but does not necessarily promise four cards in spades.

North's hand was improved by South's spade bid and he was quite willing to proceed to game; but instead of raising to four hearts, he bid three spades. This bid conveys the same message and, at the same time, offers the alternative spade contract if South had a genuine suit. South accepted the 4-4 fit and settled for four spades, which became the final contract.

West led the king of clubs. South won and drew three rounds of trumps, ending in hand. Then he advanced his knave of hearts, hoping to coax a cover; but, when West played low, he guessed right and played dummy's king. This restricted his losers to two clubs and one trump.

Not unlucky, you say. Agreed. But the point is that South can make four spades by taking the right view in hearts but he can never make four hearts after the club lead. East starts a peter with the 10 and, when South leads a heart, West takes his ace at once and cashes queen of clubs.

Then, seeing his partner complete a peter, he will lead another club which will promote his partner's queen of trumps and defeat the contract.

Let us now study *On the House*:

```
              N
           ♠ 6 5 2
           ♥ Q 5 4
           ♦ 7 3 2
           ♣ A 6 5 3
   W                     E
♠ 8                  ♠ Q 7 3
♥ J 8 6              ♥ A K 10 9 3
♦ K J 4 2            ♦ Q 10
♣ Q 10 7 4 2         ♣ K J 9
              S
           ♠ A K J 10 9 4
           ♥ 7 2
           ♦ A 9 6 5
           ♣ 8
```

At game-all, East dealt and opened the bidding with one heart while South said two spades. This jump overcall is not forcing but invitational, showing a good suit and some seven playing tricks. On this occasion South is just a little bit light for this bid, but we will not be too critical.

There was no more bidding and West led the heart knave, allowing the defence to make two tricks. Ruffing the third heart with the nine of spades, the declarer cashed his ace of spades, crossed to the ace of clubs and led back a spade.

When East produced the seven, he decided to go for the 2-2 break and played his king. West showed out. Now, the declarer had to lose a trump and three diamonds and went one down as East was shrewd enough to draw dummy's last trump to prevent a diamond ruff.

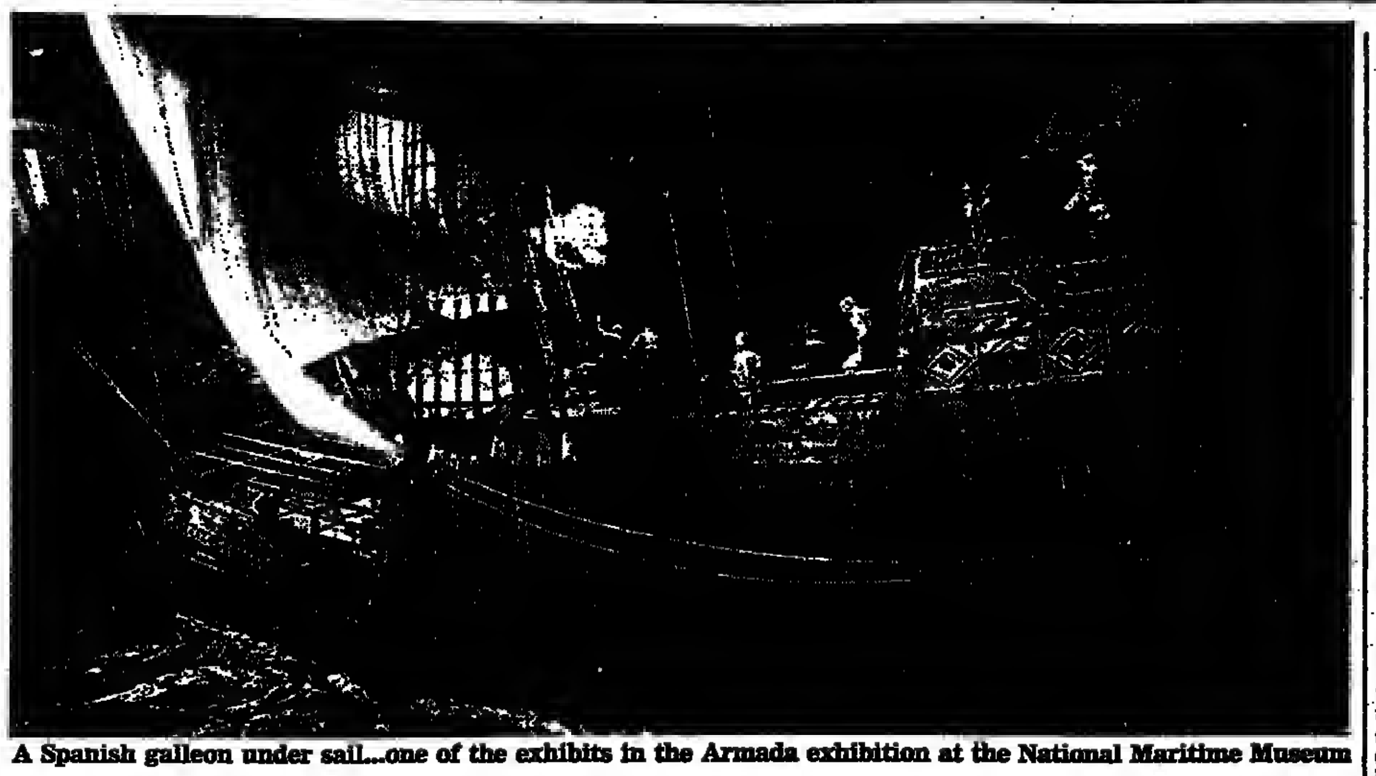
Everyone likes something for nothing, but the declarer did not recognise the free gift in this hand. When he leads the spade from dummy, he should finesse the knave. This is the finesse *obligatoire* - it guarantees success.

If it wins, South loses no trump tricks; if it loses, trumps have broken and there is a trump left in dummy to take care of his fourth diamond.

A little thought saves the day.

E.P.C. Cotter

• D I V E R S I O N S •



A Spanish galleon under sail...one of the exhibits in the Armada exhibition at the National Maritime Museum

Colin Amery finds much to admire at the Spanish Armada exhibition

Sinking of an English myth

I REELED out of the Armada exhibition drenched in the sea spray of the English Channel, queasy from contemplating the life of the common sailor, deaf from the thunder of cumbersome cannon, dazzled cynically by the iconic splendour of the court of Elizabeth I and, it must be admitted, impressed by the stoicism, restraint and disciplined power of Philip II. I was provoked to think again; forced to revive my Trevelyan-inspired view of England's maritime development and, sadly, made to relinquish the view of "Our Island Story" that practically made God an Englishman when He blew the Armada to a defeat by the elements.

There is an intriguing statement at the heart of the Armada 1588–1988 Exhibition in the National Maritime Museum at Greenwich, south-east London: "The 1588 Armada did not materially affect the position of either England or Spain." So Sir Frances Drake's thrashing of the Spaniards was not perhaps the decisive event in world history that every schoolboy has been led to believe?

Four hundred years later, the museum has mounted a spectacular display – the largest exhibition it has held – to set the grand story of the failure of the Spanish invasion of England into the wider context of European history.

This is a challenging task. It has taken five years and £1m. The sponsorship has been provided by Pearson plc, owner of the Financial Times. The company's policy is to sponsor one major London exhibition every year; next year, it will be the opening exhibition of the Courtauld Collection in its new home at Somerset House in the Strand.

It is often hard to find the one person behind the complex achievement of a great exhibition. In this case the driving force has been Dr Stephen Deuchar, of the National Maritime Museum, with strong support from Martyn Bainbridge, the designer, best known for his work in the theatre.

Every good exhibition needs an argument, and Armada is no exception. The reasoning behind it is to use the evidence and artefacts of history to establish a balanced truth about a particular major event in English history. This alone would make a dull exhibition. But at the museum, alongside the desire to inform has been the strong wish to excite and entertain.

As you walk under the sails at the entrance, there is little hint of the pageant to come. The scene is set before the war and the Sudeley Castle "Allegory of the Tudor Succession" picture immediately raises the dilemma of England's destiny after the death of Henry VIII. The condition of Europe is surveyed by the almost-benign presence of Pope Sixtus V in a portrait lent by the Vatican.

Until now, the exhibition has been conventional – objects evoking the spirit of their own time. To illustrate the court of Queen Elizabeth, a life-size dummy figure of the monarch, dressed in a stagey costume of dubious accuracy aflash with paste rubies, poses in front of a mock-up of her birthplace, the old palace of Greenwich, all seen behind a theatrical gauze with the grey skies of England awhirl with moving clouds.

His Most Catholic Majesty, King Philip II of Spain, is the subject of the next tableau. He sits at his desk in the Escorial, dressed soberly, austere, monastic – which monarch is the Protestant? You are, I imagine, meant to imagine that this wicked Papist is plotting the overthrow of England and you are told slyly that while the virginals tinkle innocently at the court of Elizabeth, Philip was adding patiently to his collection of 7,500 relics of pious or beatified Catholics.

In fact, if any visitor looks beyond these entertaining but simple-minded depictions of the sovereigns – indeed, if they read the catalogue – the great qualities of mind and patronage of Philip will soon emerge.

There is a danger in this sort of presentation to the public; inevitably, the Tudor period seems to lend itself to the "Six Wives of Henry VIII" syndrome. More enthusiasm for the fake jewellery on the dummy queen was being expressed when I was there than was admiration for the Spanish monarch's patronage of Titian.

There is, however, no doubt that history is about personalities, power and politics; and in the narrative of the exhibition, the polarisation of the rival dominions becomes strikingly clear as the Armada itself approaches. Fleets, commanders and methods of navigation are, as one would expect at Greenwich, displayed superbly and explained, with stunning loans from all over the world: the variety is astonishing.

We are led to the section displaying the ordnance of the rivals and on to the heart of the exhibition, which is called Life on Board. Visitors literally walk on the planks of a ship and apparently draw alongside the (admittedly quarter-scale) model of a Spanish vessel. The seas roar, gulls shriek and, if I am not mistaken, among the recorded cries of the seamen are some rotund Spanish oaths hurled into the wind.

At this point, I have to admit a measure of disappointment. I was by now so excited that I wanted to see a battle. I wanted the special effects men to devote themselves, at the least, to a fire-ship. If we have read and looked carefully enough, we have learned the full horrors of life at sea. We have seen how the machinations and vanities of religion and politics bring death and disaster to one side or the other and misery to both. But we are denied the sweat and blood.

By God, as an Englishman I wanted the proof that the real reason the Armada was smashed was because the English mariners and their officers had abandoned the feudal prejudices of catholic Europe. But we are left with a room full of charts and maps and diagrams. Not exciting, but accurate. . . something of an anti-climax to the great story we had been told.

The fact that Drake and the other commanders knew how to unite marine and military skills to defeat the disciplined Spaniards is underplayed wrongly, in my view. There would have been nothing wrong in showing how this unique naval skill developed from 1588 to alter forever the balance of maritime power in the world.

However, this exhibition is conceived brilliantly and it is thought-provoking. It has moments of genius and needs to be seen more than once. The accompanying Armada Fest, with its Tudor fairs and rollicking jollities and lines of bonfires, may confuse history with histrionics but it is all in a good cause. You and your children should, without hesitation this summer, heave-ho for Greenwich.

China's culture shock

THERE WAS an uncomfortable silence hanging over the normally-garrulous crowds that shuffled out of the Nanyang cinema into Hong Kong's night-time drizzle. A Chinese friend turned close to my ear: "Many more films like that and everyone will be queueing outside the Canadian commission to emigrate," she whispered.

We had been watching what probably ranks as one of the most evocative films ever to emerge from mainland China - Xie Jin's Hibiscus Town.

If you wanted to take a positive view, then it is remarkable that something so damning of the grassroots work of China's Communist Party should have been made, or shown outside China. Anyone in search of evidence of the re-emergence of creative freedom in the People's Republic need look no further than this.

To Hong Kong's largely refugee community, however, the graphic portrayal of how the Cultural Revolution that stretched for a decade from 1966 tore apart the lives of innocent people, even in rural backwaters, can only reinforce its worst fears about the destiny it faces after 1997 when China resumes sovereignty over the Crown Colony.

With official concern mounting over the pace of emigration from Hong Kong – mainly to Canada and Australia – mainland China's officials are taking

DESPATCHES
•Hong Kong•

a very calculated risk in allowing such a film to be shown in the territory. About 60,000 people left last year, many of them from the professions and middle classes on which future prosperity must be based.

As the film starts, the heroine, Hibiscus, is almost revelling in the opportunity offered by China's brief period of economic liberalism early in the 1960s. She has opened a rice card stall and, through back-breaking hard work, begins to prosper.

She marries, manages to build a new house in her sleepy Yangtze river township, and is the living epitome of youthful optimism and enthusiasm.

By 1966, though, just as her house is being built, the political winds have begun to change. Festivities marking its completion coincide with the arrival of a political reform team from Shanghai.

The tragedy that follows has a unique poignancy for Hong Kong audiences. Hibiscus becomes the prime target of the reform campaign, her main sins being that she is beautiful, prodigiously hard-working, determined to make a comfortable family home and in due course become, by local standards, rich.

To Hong Kong people, who must be among the world's hardest workers, often motivated single-mindedly by the aim of getting rich, the sight of a woman destroyed by officials from their future government because of her commitment to objectives they value higher than almost any others clearly is a chilling experience.

Chinese officials would no doubt claim that this destruction of enterprise, and arbitrary use of party power against innocent people in otherwise content communities across the country, was an idiocy unique to the Cultural Revolution that will never be repeated. But Hibiscus Town allows no such comfortable conclusion.

A symbol-ridden final scene shows the ideas of the Sixties in tatters and largely discredited but, at the same time, makes it clear that no one is yet going to take the risk of crossing the one-time exponents of these ideas for fear they might one day return.

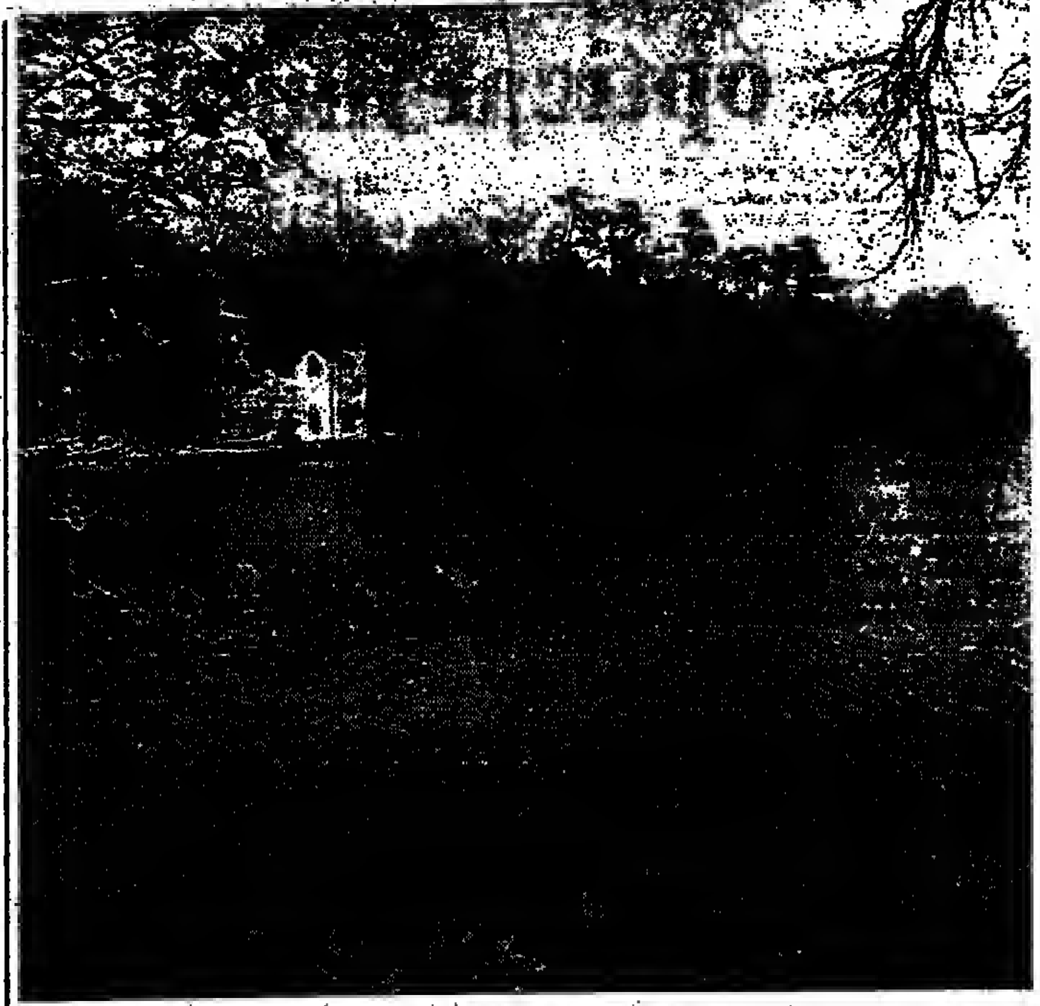
Men like Xu Jiatun, who arrived in Hong Kong in 1983 to head the New China News Agency – Beijing's "embassy" in the colony – have over the past year shown increasing sensitivity over the "Hibiscus Town factor" – spurred on particularly by anxiety over migration.

This perhaps explains his extraordinary recent comments in praise of capitalism as "a great creation of human civilisation" that is misunderstood grossly by many cadres in China because they have never ventured beyond its shores.

No one takes his comments wholly at face value, and still fewer want to compare them against the official statements of his seniors in Beijing. But he appears to have won full marks for his efforts to bolster flagging confidence.

There are certainly some friends who had decided to head for Vancouver after seeing Hibiscus Town but who, in the wake of Xu's comments, have put their suitcases back under their beds. There is hope among them yet.

David Dodwell



Looking across the lake to the abbey that Charles Hamilton built – in a ready-ruined state – as one of Painshill Park's romantic follies.

Unhappy but glorious

Surrey's Painshill Park has almost been restored after years of tribulation. But the sorry saga isn't over, says Simon Tait

PAINSHILL PARK in Cobham, Surrey, is one of the glories of 18th-century England. With its gentle undulation, woods and copses planted craftily, and crazy follies over 200 acres, it was a jewel of its time.

It sank into decrepitude, but thanks to some generous grants from the likes of the National Heritage Memorial Fund (NHMF) – which financed a £250,000 master plan and gave another £1m to put it into operation – Painshill is now more than 75 per cent restored.

Because of a row between the Painshill Park Trust and the local Elmbridge Council, however, it is open to the public just 28 days a year and then only by pre-arrangement. Scheduled for opening in 1983, then 1986, then next month, it could now be another four years before there is general admission.

Elmbridge Council is supporting a move to put a car park *inside* Painshill – an extremely controversial decision which the trust decribes as akin to putting a picture hook on the front of a painting. It wants the car park on an adjacent field. The story behind the dispute is a long and sorry one which could go all the way to the High Court before it is resolved.

Let us begin the tale in 1755 when an entranced visitor to the park wrote: " Pray follow me to Mr Hamilton's. I must tell you it beggars all description, the art of hiding art is here in such sweet perfection."

Thousands did follow, from Horace Walpole to John Wesley; and the rococo dream of Charles Hamilton, the Duke of Abercorn's 14th child, became a must during the craze for gardening on the panoramic scale, even if it did take 35 years to complete.

Painshill deteriorated, though. It sank into dereliction and bits were sold off piecemeal. There was local alarm, and even the National Trust said it was too far gone to restore. But, 10 years ago, Elmbridge Council decided to rescue it by buying as many lots as it could (158 acres in the end) and setting up the Painshill Park Trust with a lease to restore and reopen it.

City developer Peter Palumbo is chairman of the Painshill Park Trust Appeal, which has raised £700,000 since he arrived a year ago. He describes the council's position as having "no valid justification, no logic. I think their tactics are actually monstrous."

"A car park is essential," says Dr Christopher Thacker, the garden historian who has just finished the mammoth task of listing historic gardens for English Heritage, and has advised the NHMF on its grants to Painshill (listed grade I). "Without one it becomes an unvisitable garden, which would be terrible.

"It is one of the great 18th-century amateur gardens, along with Fonthill and Stourhead, and at the time it was one of *the* places to visit. With Painshill, there is a rare chance to recreate the garden as it was. It is rare and special. But the longer it remains closed for most of the year, the more difficult the re-creation is going to be while there is no revenue to fund it."

Goldstone Field, adjacent to the park, would in the trust's view make an ideal car park; it is also owned by Elmbridge Council and is designated public open space. But Councillor Gordon Chubb, vice-chairman of the policy committee, explains: "The position is that the council has consistently voted not to release public open space." He adds that the council is not yet satisfied that all other opportunities for providing parking at Painshill have been exhausted."

In another twist to the saga last summer, the National Trust re-entered the scene. Apparently, it had been suggested informally by council members that the NT might like to take over the freehold – another red rag because, in the terms of the lease agreement, it should be offered first to the Painshill Trust.

Elmbridge Council has taken legal opinion to find out if it could apply to itself for permission to park cars inside Painshill. Gerald Moriarty, QC, saw no legal impediment but added that it would be "plainly inconsistent" with the lease and the concept of the independent trust and that "the proposal has little or no merit on the facts and is subject to severe procedural difficulties."

However, the council decided to go ahead and commission consultants – at a cost of £15,000 – to examine the feasibility of a car park in Painshill. Last Monday, the consultants reported to a full council meeting saying that the only site they would recommend was one that an inquiry inspector in 1986 dismissed as "quite unsuitable."

The council now will apply to itself for planning permission. The trust will call for another delaying public inquiry and will consider going to the High Court for judicial review, which is the first step towards having individual councillors penalised with financial surcharges.

An estimated £80,000 of public money has been lavished on the matter so far. But the voters of Elmbridge may take matters into their own hands before the intervention of courts and more public inquiries: local elections are due on May 5 and Painshill is certain to be an issue.

Unexpected guests in the nests

Jeremy Cherfas takes the lid off some ancient anthills and unearths a collection of extremely contented parasites

Kate Powell/Nigel Franks

A mite hitches a ride under the chin of a worker ant

PASTURE, especially old pasture thet has not been ploughed or disturbed for many years, often is dotted with grassy hummocks that are home to colonies of yellow meadow ants and a lot more besides. Dr Nigel Franks, a lecturer in biology at Bath University, has been looking at meadow ants for many years now, mostly in their ancient nests on the slopes of the Cheddar gorge in Somerset.

Quite apart from the ants, which are fascinating enough, he has uncovered some visitors. The guests in the nests point np the subtleties of the ants' signalling systems, for it is by penetrating their hosts' comunications channels thet the guests survive.

Meadow ants are small, a few millimetres long at best, and pale yellow. They spend most of their time underground, milking root aphids. The aphids, like greenfly up above, suck the sap from plants and the ants tend the aphids, protecting them and extracting from them a sweet honeydew.

The ants create an underground nest, into which they carry soil excavated on their travels. The nest accumulates roughly a litre of soil each year, and in really old pastures the anthills can be 50 centimetres or more across. Some are at least 200 years old.

Franks has special permission to dig into a sample of nests and among the ants, busy about their tasks, he finds the visitors. One is a small insect, shiny with the translucent paleness of animals that spend their time in permanent darkness. It is an isopod, a relative of the common wood louse, and it goes by the name of *Platyarthus hoffmannseggi*.

It wanders through the nest unchallenged and unharmed, perhaps because it performs a useful janitorial service. Ants, it seems, are not very good at digesting fibrous material and so, from time to time, they cough up a tiny pellet, rather like an owl pellet but on a very different scale. *Platyarthus* eats those pellets, and so probably contributes to good housekeeping within the anthill.

An altogether different guest is a tiny spider mite. Franks finds these clinging to the smaller worker ants, the brood nurses who look after the colony's young larvae. The mite looks like a mirror image of the ant's head. Two of its eight legs are long and stout and look for all the world like the ant's antennae. The other six are tough hooks which the mite uses to hang on like grim death beneath the ant's chin. That puts the mite in a perfect position to steal food straight from the ant's mouth.

When two ants meet, if one is hungry it will beg food from the other. It signals its hunger by using its antennae to beat out a tattoo on the other ant's antennae. The donor responds by regurgitating a drop of food. If the recipient has a mite on board, the chances are that most of that drop will find its way into the mite, not tha ant. Hungry as ever, it asks another ant for food, which again goes mostly to the mite.

Mites do not even have to sit passively waiting for their host to beg a meal. They can subvert the whole process, using their front legs to tap the host's antennae. The ant obligingly provides a drop of food.

Unlike the isopod, the mite is a real pest. Afflicted ants rush around and groom much more often, presumably in an attempt to dislodge the unwelcome guest. Whether the presence of mites actually makes the colony less efficient at reproducing has yet to be established.

Very occasionally, Franks finds yet another guest in the ant nest, a rove beetle called *Claviger testaceus*. This really is a sight, at least under a good lens. It has tiny eyes, club-shaped antennae, and a back that looks like an old horse-hair mattress with the stuffing bursting out. *Claviger*, like *Platyarthus*, helps to keep the nest tidy but it does so in an intriguing way.

Even when an ant dies, it still has obligations to the colony. It must tell its comrades that it is dead, so that they can remove its body to the ant charnel house where it will decompose safely without threatening the rest of the colony by becoming a breeding ground for diseases.

The dead ant conveys this message by means of a simple chemical called oleic acid. To a live ant, oleic acid means a dead ant. Put a drop of oleic acid on an ant and the other ants will dutifully carry out the "corpse" and dump it. The corpse, of course, is alive, and walks back into the nest, where the next ant that finds it again seizes it and dumps it outside. If it smells of oleic acid, it must be dead.

Claviger takes advantage of this system. It also secretes oleic acid. Any ant that finds one of the beetles picks it up and carries it to the charnel house, which is exactly where it wants to be. It feasts undisturbed on the dead ants piled there.

The guests of the meadow ant have infiltrated not only the nest but the ants' communications system. *Platyarthus* must have some method, as yet unknown, for announcing that it is not a threat. The mite has tapped directly into the ants' own expression of hunger. The hosts try to get rid of it, but they cannot. Nor can they ignore its demands for food. And *Claviger* wraps itself in the chemical shroud of a dead ant in order to be taken to the meadow ant graveyard.

The ants need their signalling systems to keep the colony working together smoothly, but the very fact that the ants act on those signals without question gives other insects the chance to take advantage of them.

A priest of the people

PERHAPS Dr Robert Runcie, the Archbishop of Canterbury will give some thought this year to the Rev. Francis Kilvert. He died in 1879 at the age of 38 after an apparently undistinguished career as curate and priest in rural Herefordshire, but he lives on in his diary. It is a remarkable document, with a Wordsworthian feeling for nature and a vivid picture of rural life, and 1988 marks the 50th anniversary of its publication.

This landmark will no doubt lead many people to read it for the first time. I am sure the archbishop is familiar with it already, but I hope he will reflect on it as the definitive training manual for country clergy.

It was Runcie, you might remember, who admitted publicly at last year's Royal Show that rural parishes had had a raw deal with insensitive reorganisation, reductions in manpower and the imposition of unsuitable forms of worship. In our innocence, we got rather excited. Some of us even believed that the archbishop was about to ring up the Church of England Rare Breeds Establishment and place a large order for old-fashioned parsons.

It didn't happen. But I would suggest respectfully to Runcie that if he really is worried about the Church's rural ministry, he should launch an immediate recruiting drive for traditional country clergymen.

What sort of men do we need? Well, Kilvert had the most important qualification for his calling, a deeply-felt and almost pagan love of the countryside. He thanked God daily for his workplace but, as he tramped happily round the remote homesteads, he knew very well that a middle-class young man was never going to penetrate the secret lives of his parishioners.

Staunch in the face of squalor, he did what he could – helping to dig a garden, getting a doctor's

Country Notes

prescription, reading a chapter of Corinthians urging baptism, admonishing moral defaulters or simply listening.

I imagine that hundreds of retired country clergymen will recognise that kind of ministry. In the heyday of the rural parish, it was their daily task to maintain the delicate equilibrium of their flocks by an odd mixture of sacred and secular intervention.

They were well aware of the threatening undercurrents that flow through a rural community. They knew that, behind the smiling courtesy, no slight went unnoticed, no debt was unrecorded and no enmity ever was buried. Skeletons might be locked in the cupboard but the key was always handy on the hook. The saving factor was the parson's determination that the grudges of a close community should be kept out of sight, if not out of mind.

So, he spent a great deal of his time in skilful diplomacy, drawing off the poison of wounded pride, calming ruffled feelings, softening the hostility of antagonists and generally maintaining the decencies of life. On Sundays he conducted services for the minority, but his watchful eye was always on that wider congregation who never came to church.

This was the reverse side of the much-mocked image of the middle-class and unworldly vicar. The unworldliness (real or assumed) conferred a hint of divine authority, and the middle-classness gave him the necessary social detachment from most of his flock. He was an arbitrator with supernatural clout.

There are many of us who suspect that this kind of man is not extinct, and that some of them offer themselves for the ministry but are turned down because their faces do not fit. We suspect, further, that there are a large number who never take that first step because they do not see themselves reflected in the "modern" priesthood.

The men who now are filtering into our country parishes (or, rather, the conglomerations of parishes created by manpower management) are very different. They bring with them an exotic language. They talk of rebirth, mission, renewal, lay evangelism, commitment. And they are met with blank looks in Hogsnorton.

They are undoubtedly good men with a sincere mission to bring everyone within a spiritual fellowship, but they reject the old idea of the shepherd with a duty to preserve civilised manners among his flock. They have little in common with Kilvert, whose idea of evangelism consisted of striding into the mud to listen to grievances and impart some simple morality to people whom he never expected to see in church.

Already, there are signs of discord in the countryside as newcomers move in, farming is destabilised and conversation disputes become fiercer. Militant Christianity will not be the cure. What we are crying out for is that diffident, middle-class, slightly unworldly agent of reconciliation.

"He's a nice man. He comes to see me once a week and never talks about religion." Will we ever hear this ultimate accolade again?

Laurence Garner

Puffins, auks, guillemots and razorbills: **Julia Berney** saw these and much more on Skomer Island

Taking the wings of the morning

ALTHOUGH only 14 miles separate Haverfordwest from the south-western snout of Wales, the Marloes peninsula seems endless when you have misjudged the time and have a boat to catch. The road is too narrow and winding and, with banks spilling flowers, too lovely to be rushed. Martin's Haven was my morning port of call, Skomer Island the destination.

On the landing stage, a passenger's picnic burst and an apple bowled into the waves – an offering, declared its owner, to propitiate the sea gods, which seemed a good idea for the Dale Princess looked small. But with auks accompanying the boat and faces fresh with spray, nobody paid attention to the dark choppy waters to the sound.

We disembarked at North Haven where the turf is honeycombed with the burrows of puffins. There are also the manx shearwaters – emblem of the West Wales Trust for Nature Conservation which manages the island reserve. Skomer and Skokholm to the south accommodate one-quarter of the world's manx shearwaters but day trippers see none because they are nocturnal.

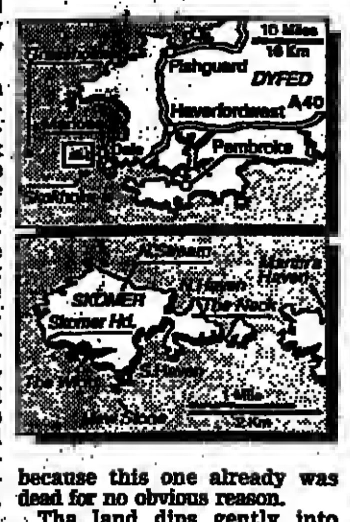
Puffins, however, are so evident at nesting time that the novelty soon fades, yet familiarity breeds only deeper affection. I suspect the ordinary visitor likes the puffin for reasons that would make serious-minded ornithologists wince. Puffins evoke childhood images: bathtub playthings, or kapok-stuffed toys with painted parrot beaks, paper wattles and triangular felt feet.

Beyond the shell of a farmhouse, Skomer's high plateau was magenta in the foreground, blue in the distance, the colours so intense and pure it seemed that no greenery sullied them. Red campions produced the crimson; the rest was nothing but bluebells. There is an extraordinary clarity of light on the Pembrokeshire coast. The scene caused frantic clicking of cameras, but I think only a painting could capture that radiance, and even then nobody would believe the picture was not exaggerated.

In the sheltered farmyard Skomer's only proper tree, a gnarled black poplar, was leafing sporadically across half its crown. Chickens and a line of wet washing dispelled the air of abandonment – the farm ceased in 1950 but restored cowsheds now housa volunteers working on the island.

In the former kitchen garden, some boat passengers were raising wafts of bruised mint as they surrounded a piece of corrugated iron in the hope of finding a Skomer vole underneath – an island race of bank vole which, according to my postcard caption, is tamer than its mainland relative.

Up went the rusty sheet – and there was a Skomer vole. Someone scooped it up and, certainly, it WAS easy to handle - no doubt



because this one already was dead for no obvious reason.

The land dips gently into North Stream valley, which would hardly merit the term on the mainland. There, however, you would be lucky to get so near to a short-eared owl flopping in slow motion low over the flag pools, oblivious of spectators.

Distinctly, as though a different crop had been cultivated, blue changed to the northern cliffs' dirty snow of sea campion and spent feathers. Here, I saw the first of several colonies of lesser black backs. These voracious gulls, which harass puffins by stealing fish literally out of their mouths, have multiplied out of all proportion, so that spring culls are necessary.

It used to be traditional practice in Pembrokeshire to harvest island eggs in vast quantities that undoubtedly curbed gull populations. Villagers from mainland Marloes and Dale still get an allowance of gulls' eggs.

Seven miles west of Skomer Head lies Grassholm, believed once to have supported 500,000 puffins whose tunnelling began the erosion process that eventually destroyed the turf, leaving the rock clear for gannets to colonise. Due to a trick of light that made sky and horizon indistinguishable, Grassholm appeared to be floating to the troposphere, with the gannetry white like icing on a bun.

Skomer Head is so exposed that the wind has whittled away soil and left the massive tussocks of thrift standing like capstans. A prehistoric field boundary – Skomer has been farmed for at least 2,000 and possibly 5,000 years – provided a windbreak behind which to eat lunch. Only a string of boulders remains, smaller stones having been robbed for other agricultural building over the centuries. The southern cliff track is so undermined with burrows that footsteps have a hollow ring. Puffins are not the sole excavators; Skomer has one of the world's highest rabbit densities.

The scent of flowers gave way suddenly to fishy fumes: I had reached The Wick. This is a nesting site on the grand scale for guillemots and razorbills, packed along crevices like bottles on a shelf. As you look down from the opposite cliff it is the numbers that astonish, the kittiwake cacophony, the rising stench, and the aerial traffic criss-crossing the dark gulf.

Skomer's southern extremity is an orange-lichened stack called Mew Stone. From its peak, the periscope necks and crocodilian heads of nesting cormorants stuck out.

Nobody I spoke with had seen a chough that day. It scarcely mattered. Skomer is more than just a magnet for twitchers: concentrate upon ticking rarities off a list and you could miss the pleasure of gazing for the umpteenth time at a raft of bobbing puffins, or forget the simple delight of just being on an island, which is made all the more special because you know your time is limited.

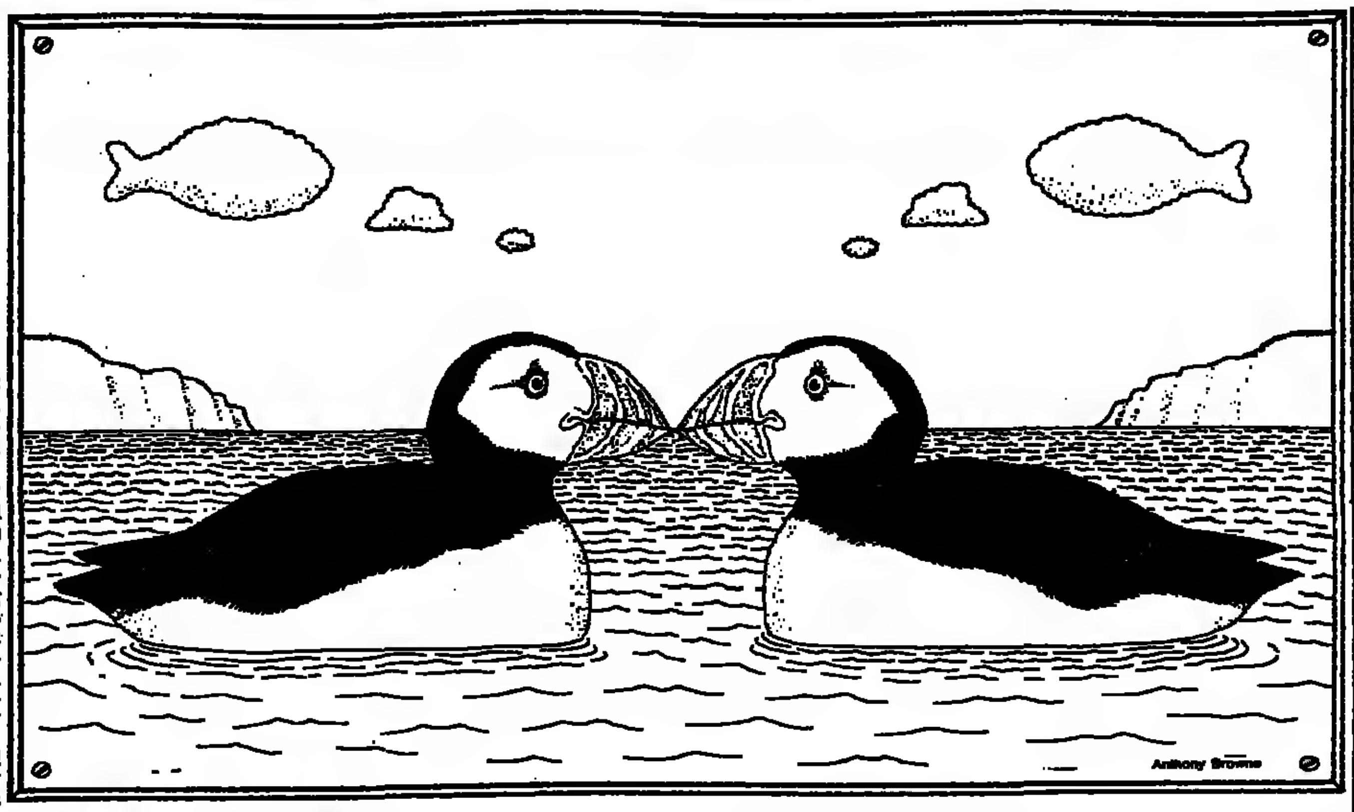
The path back to the landing stage allows a good view over The Neck, a research area closed to the public which one day will become an island in its own right. The isthmus connecting it to the main part of Skomer is only four metres wide, with sheer walls backing the coves of North and South Haven, one of the beaches where grey seals breed.

Stephen Sutcliffe, the warden, has lived in the house above the isthmus for three years. Had Skomer lost any of its charm for him? He said no. As I left on the Dale Princess he was sweeping the steps, removing all traces of the day's privileged intruders – and I found his answer very easy to believe.

● **Daily sailings to Skomer (except Mondays) April to September from Martin's Haven. Boat fare: adults £3, children £2. Landing fee: adults £2, children £1. About five hours ashore. Weather can prevent sailings so advisable to check first. Enquiries to Dale Sailing Company, telephone Dale (06465) 349.**

Grassholm: Monday and Friday (except bank holiday). Round trip £11, landing trip £13. Dale Sailing Company.

Skokholm: No day visits. Weekly stays and specialist courses. Contact West Wales Trust for Nature Conservation, 7 Market Street, Haverfordwest.



Touch of Class

A top dog's life on the beach at Biarritz

Paul Betts rings room service and finds that even canines can sample the five-star chic of the historic and luxurious Hotel du Palais

AN AGONISING choice faces the four-legged jet set at the Hotel du Palais in Biarritz. The former imperial summer residence of Napoleon III and the empress Eugenie – a gem of a palace anchored on the edge of the Atlantic ocean - has excelled itself in canine chic by offering the pampered pets of its clientele a gourmet room service menu.

For a mere FFr65, your dog can order a succulent dish of chopped carrots, raw meat, French beans and crushed biscuits called *La preference de l'Ami*. For hungrier quadruped residents there is also *le filet de boeuf grille* and of course a diet menu, *le bol regime*, for overfed labradors. For feline guests there is a remarkably well-priced fish entree, "la fine assiette de la Mer" for FFr25.

Outside my bedroom window overlooking the Russian church of Biarritz, with its shiny blue dome, a haughty and self-satisfied ginger cat sat in a worldly, sphynx-like position on a neighbouring balcony, taking the sun. Below, around the pleasant pool looking out to the sea at one end of the "grande plage" of Biarritz, its mistress was presumably bronzing herself on the thick yellow mattresses distributed by charming pool attendants.

Hermes and Dior swimwear, discreetly covered by the hotel's white towelling robes with the imperial crest stitched on the top pocket, is standard uniform at the pool. During the two days I spent at the hotel, a fierce breeze blew across the terrace and gardens - rather similar, if anyone knows the place, to the fearsome Channel winds which constantly lash Roedean School on the edge of the cliffs of Brighton.

The Palais is the sort of old-world grand hotel which helps restore morale and confidence in the good things of life. You don't have to be a duke or a film mogul to feel like a duke or a film mogul. The concierge at the front desk invariably calls all the guests by their names, the service is attentive and unstuffy, the hall and salons imposing but never oppressive, and the rooms as comfortable as one could expect. For all its imperial ghosts and historical associations there is one sad note about the place which is no real fault of the hotel. The city of Biarritz has allowed some pretty horrid development around its seafront during the post-war decades, so that the Palais is now like an oasis hemmed in on both sides by ugly blocks of flats which have ruined the seaside drag between the hotel and the old Biarritz casino.

"You have to try to shut out the offensive buildings from your view and look out at the surf, or relax in the shelter of the hotel precinct," said a classic specimen of the French "bon chic bon genre" set sipping a colourful long drink in an expensively luscious one-piece swim suit.

Despite the unfortunate excesses of the Biarritz city planners, this part of the French Atlantic coast has little to envy the rival Cote d'Azur. Its balmy climate continues to attract overweight and overstressed businessmen and their socialite companions for cures.

The sand dunes of the Landes, the nearby vineyards of Bordeaux, the Pyrenees, the shrine of Lourdes and the warm individualism of the French basque country have also continued to act as magnets for French and foreign visitors. And if money is no object, there is no better base than the Hotel du Palais. But one word of advice: don't take your wife, mistress or children there; take your dog or your cat.

● **Hotel du Palais, (59 24 09 40) open from April 15 to November 1, rooms from FFr800 to FFr1,900 per night. Air Inter have direct flights from Paris to Biarritz and Air France have direct flights from Heathrow to Biarritz on Saturdays and Sundays at 2.25 pm.**

Those extra charges

BRIEFING

THE GOOD news about surcharges for holidaymakers is that the travel trade is finally responding to pressure to tighten the rules governing when they can be levied.

The bad news, however, is that the new rules - agreed by the Association of British Travel Agents - do not apply until this winter. In the meantime, many hundreds of thousands of summer holidaymakers will be surcharged even though the price of aviation fuel (which has been the cause of most surcharges this year) has fallen.

Redwing Holidays, the fourth largest tour operator, and Thomas Cook have already scrapped surcharges for this summer (in Cook's case, only on its own-brand European holidays). But the big three package holiday companies - Thomson, Intasun, and Horizon - are reluctant to act on the basis that market conditions could change.

Sir Gordon Borrie, Director-General of Fair Trading, recently accused the tour operators of "ripping off" holidaymakers with these surcharges. The Office of Fair Trading might decide on an investigation of the whole practice.

Meanwhile, ABTA has produced a free leaflet explaining why surcharges are levied. It should be available from travel agents or direct from ABTA at 55-57 Newman Street, London W1.

□□□

HOLIDAYMAKERS may be suffering from "discount fatigue" caused by the confusing number of special holiday bargains on offer. Kevin Welch, marketing director of the Pickfords Travel agency chain, says: "With so many different offers and figures being quoted, customers are genuinely confused as to where to get the best deal."

Tour operators may already have started to realise this as Pickfords detects that fewer special discounts are being offered as inducements to holidaymakers to book their summer vacation now.

This is even more surprising, given that Pickfords' figures show that the overall industry demand for summer holidays is already down by 3 per cent over the same stage last year.

Tour operators may have decided to cut back on capacity for this summer and "consolidate" flights and hotels (consolidation is the euphemism in the travel trade for cancelling flights and hotel bookings and merging them).

David Churchill

Stuart Marshall drives a vehicle even better for being middle-aged

Land Rover: unstoppable at 40

THE LAND ROVER is celebrating its 40th birthday. Few cars can have fewer outward changes to show for so long a lifetime. It still looks the rugged workhorse, with aluminium panels and galvanised fittings and a shape well suited to muted camouflage shades.

There are, of course, the county station wagon versions. With their bright colours, jazzy stripes and pop-out sunroofs, they remind me of an elderly gardener startling his employers at the big house by appearing to a sharp suit instead of baggy corduroys.

Underneath, though, nearly everything has altered over the years. The leaf springs that made earlier Land Rovers ride so uncomfortably that drivers slowed on rough ground for fear of damaging themselves, not the vehicle, have gone. In their place are more resilient coil springs from the Range Rover.

You can have the Range Rover's 3.5-litre V8 engine in a Land Rover as an alternative to the four-cylinder petrol or diesel engines, although the big seller now is the turbo-diesel which is noisy but has plenty of power.

The transmission, with permanent four-wheel drive and a lockable centre differential for maximising traction in sticky conditions, is also shared with the Range Rover. This, and the low speed slogging ability of all Land Rover engines, is the secret of its success on the worst kind of terrain.

The other week I revisited the Eastnor Castle estate in Herefordshire to try the latest Land Rovers. Barring desert sand or frozen tundra, Eastnor can offer just about every kind of condition underfoot with which a Land Rover might have to cope worldwide.

In low range, the V8 petrol and four-cylinder turbo-diesel Land Rovers were completely unstoppable. Deep water, clay wallows, one-in-two ascents and even steeper descents mean nothing to a Land Rover providing you remember a few basic rules.

Range Rover Vogue SE – preferred choice of recreational 4x4 buyers

These are: do not hurry; use the right gear; keep a sensitive foot on the accelerator and your thumbs clear of the steering wheel spokes; and never, under any circumstances, touch the brakes on a slippery slope.

On the steepest descent, you pick first gear and take your feet off the pedals altogether. The drag of the engine (especially the very high-compression diesel) retards all four wheels equally. The Land Rover winds itself safely down gradients steep and slippery enough for people to tumble down unless they hang on to the bushes.

Armies and civil engineering contractors apart, though, many buyers of four-wheel drive utility vehicles nowadays set little store on being able to climb in and out of bomb craters. Their 4x4s may rarely leave the road at all, and then only to cross a paddock or pull a horse trailer up a farm track.

Over the years, the middle ground of the 4x4 market (the workhorses are at one extreme, the Range Rover at the other) has been taken over by imports. If you are going to use a high-slung four-wheel drive as a car substitute, a Daihatsu Fourtrak, Isuzu Trooper or Mitsubishi Shogun is a more agreeable vehicle than a Land Rover on the road.

No, it might not be a match for a Land Rover to extreme conditions. But it will be quieter on the motorway, easier to park in the multi-storey, much more refined (especially if diesel-powered) and will feel more like a Volvo estate than a small cross-country lorry with seats. Your rear passengers will be on a face-forward bench, not riding side-saddle over the wheel boxes.

Sadly, this was the market pioneered 18 years ago by the Land Rover's upper-class relative, the Range Rover. Although starved of development for much of its life, the Range Rover is still the vehicle most recreational 4x4 buyers would have if only they could afford it.

Over the years, much pressure had to be exerted on Land Rover to fit the Range Rover with four doors and power steering, get rid of the outside lavatory door hinges on the bonnet, improve the nail-breaking tailgate release and offer automatic transmission.

I drove down to Eastnor Castle in the latest Range Rover, the £27,349 Vogue SE flagship with air-conditioning, automatic transmission and electric tilt-and-slide sunroof as standard.

It was more reminiscent of a Jaguar than the rough and ready vehicle from which it had evolved. At motorway cruising speeds there was some rumble from the tyres and a little wind noise, but the engine could hardly be heard. The high/low-range transfer gears, which whined like a machine shop in earlier Range Rovers, have been silenced.

The automatic transmission is the same as Jaguar uses. It makes the Range Rover a much nicer car on the road than the manual model, which has a five-speed gearbox and clutch that are heavy to operate. The torque converter also gets rid of the manual's jerking and clonking. The driver, relaxing on a hide-trimmed throne, gets a marvellous view of the road and acceleration is good enough to exploit traffic gaps safely.

How did the Range Rover Vogue SE perform off the road? I cannot say, because Land Rover decided very sensibly not to make them available for use on the rough stuff. I know from past experience that the Range Rover is the Land Rover's equal when hard roads end. They are, after all, almost identical twins mechanically.

But no one spends more than £27,000 on a luxury car to get it bashed by low branches and plastered with filth. The Range Rover is more of a Road Rover nowadays.

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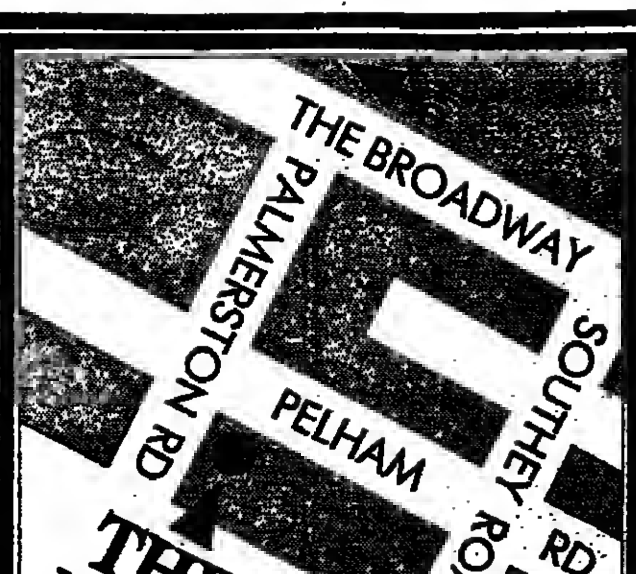

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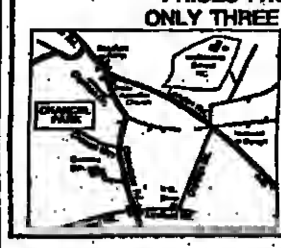

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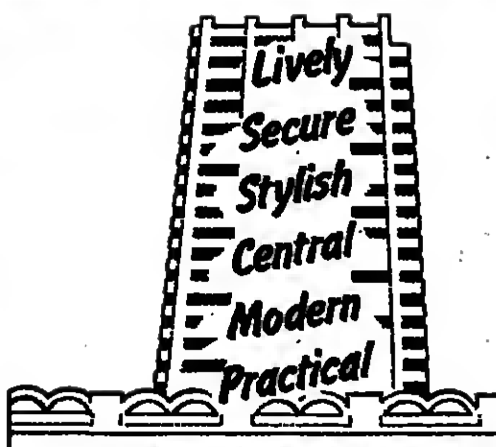

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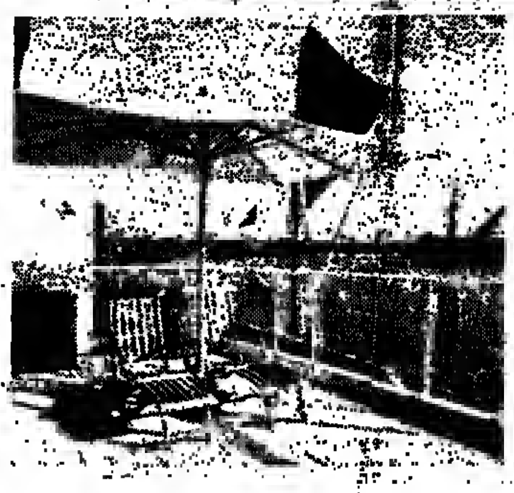

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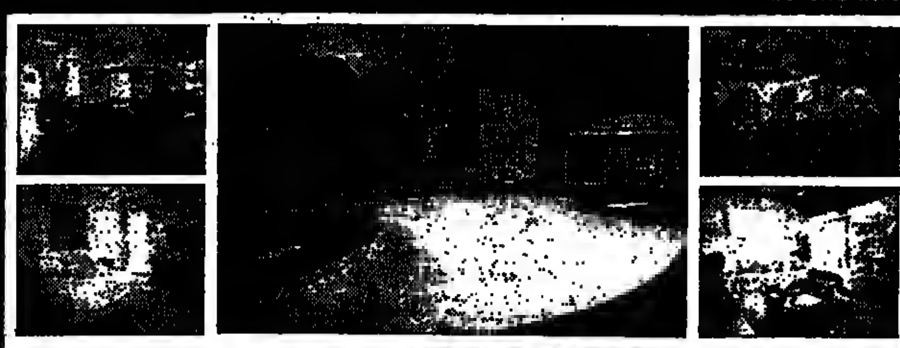

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Saturday May 14th

For further information please contact: **CLIVE BOOTH** on 01-248 5284

The sun has got his hat on . . . and it's the Docklands' selling season again, says **John Brennan**

Pioneer country stakes its bid for settlers

THE SUN IS out so it must be the London Docklands' selling season again. If you did not notice a gap between 1987's crop of waterside developments and this season's, do not be too concerned. You only had to blink to have missed this winter's off-season for flat sales in an area with the most energetic residential sales programmes in the country.

There is a rational reason for the concentration of marketing effort on new homes in this 8¼ mile stretch of Thameside. Docklands is, quite simply, the most important source of additional new housing stock in the Greater London area, a point reaffirmed by the equity research team at Banque Paribas Capital Markets.

Turning their attention from a depressing set of over-researched share markets to the state of the largely unresearched central London residential market, the Paribas and former Quilters' analysts have pooled what information does exist on this most active of the domestic investment markets. What emerged is as comprehensive an overview, and as reasonable a set of market trends as we are likely to get from the jumble of information available on London housing demand, supply, and price.

The figures would scarcely interest the unnervingly young, and unswervingly confident sales negotiators who press the advantages of their particular set of Dockland flats on anyone within reach. But even a simplistic analysis of supply and demand for homes to buy in and near central London underpins at least the medium-to-long-term need for developments east of the City.

The best place to start on the demand side is with the current and projected number of Londoners. There are 6.75m people living in the capital, roughly 2m less than the immediate prewar total but, as the Banque Paribas team note, the exodus from Greater London in the 1950s and 1960s has been reversed. The Office of Population Censuses and Surveys forecasts that there will be a net gain of 40,000 people by 1996, taking the total number of Londoners to 6.79m.

This would be an uninspiringly static figure for the housebuilders but for the changing pattern of household formations. Since the national average number of people per household is falling, and is expected to continue to fall from today's 2.48 to an average of 2.39 by 1996, the additional number of individual homes needed in London will be higher than the crude population increase might suggest.

London Research Centre steps in here by marrying population growth and household changes to forecast the change in the number of households in the central London boroughs between now and 1996. Today's 656,000 central London borough households (excluding Docklands) are expected to rise to 679,000, suggesting the need for an extra 23,000 homes, while the number of households in the former GLC area as a whole is expected to increase by 107,000 to 2,776,000.

A view of Wapping from Tower Bridge past the first generation of Docklands riverside warehouse conversions and new-built homes to Trafalgar House Residential's Tower Bridge Wharf development. More than half the 67 flats have been sold and the second phase of the scheme is due for release in the next few weeks. One-bedroomed flats of 598 sq ft sell from £180,000 and three-bedroomed flats of 1,740 sq ft are priced up to £415,000. The flats are available through Carleton Smith and Co and Debenham Tewson & Chinnocks.

This is all jolly interesting, but it is not a great deal of use in judging whether there will be a growing queue for Docklands' properties in the next few years, or whether the cynics are right in saying that the area floats on a generous bubble of developers' hype.

The missing figure from the demand side of the equation is the proportion of those new London householders who will want to, and who will be able to, buy a home of their own.

On the first count, the Building Societies Association's housing preference surveys show that 74 per cent of people in the Greater London area would like to be owner occupiers. On the second, London prices do now represent an historically high multiple of single mortgage applicants' incomes and the imminent end of mortgage tax relief on joint home loans can only dampen effective demand from first timers.

Mix demographic and price forecasts into a rough impression of housing demand and, as Banque Paribas argues, "we are now likely to see a sustained shift in the balance between potential buyers and sellers for central London residential property until the long-term balance of prices to incomes is restored. The greater availability of finance to the consumer today, relative to previous cycles, is currently more than offset by the historically high (cost) level of newly developed flats and houses becoming available in the central area of London."

The marked slowdown in prices in west central London since the autumn, and the contrasting surge in prices of homes in fringe boroughs and in east central London would seem to confirm that average buyers are being priced out of the traditionally fashionable central areas, and out of Docklands schemes priced at west central London level.

On balance, therefore, home buying demand in London is strong, but increasingly price sensitive. So what about supply? It is on the supply side of London's new homes market that the importance of the Dockands' developments starts to show.

Less than 8,000 new private sector homes a year have been added to the housing stock of the Greater London area in the 1980s. The majority of properties entering the private sector for the first time are flat conversions and a rough average of around 20,000 former private rented properties each year which transfer from the rented to the owner-occupied side of the accounts and only add to the overall total of private housing stock when sub-divided into flats.

. The cost of vacant properties for conversion has been rising at roughly the same rate as the cost of building land in London. The more than 50 per cent increase last year in the price of developable land in outer London, and an aggregate increase of more than a third – from a far higher base – in the cost of sites in the central boroughs, shows just how scarce the builders' raw material has become.

Add all the sites identified by the boroughs of Camden, Hammersmith and Fulham, Kensington and Chelsea, Westminster, and Wandsworth as suitable for building and you arrive at a less than grand total of 145 acres. Housebuilders have had to become sharp-eyed hunters of any spare strip of London, but there are only so many redundant hospitals, disused British Telecom exchanges and empty inner area industrial sites to go around.

In contrast to the west central boroughs' paltry 145 acres, the London Docklands Development Corporation's 930 acres of immediately developable land represents the nearest thing to open country that housebuilders can find in the capital.

New homes in Docklands accounted for 28 per cent of all newly built homes started in the Greater London area in 1985-86. By 1987 planning consents for 5,217 additional homes in the LDDC's territory accounted for no less than 60 per cent of the total for central London.

Knight Frank & Rutley's estimate of units due for completion in the dock areas this year runs to 2,790, with a further 3,630 ready by 1989. Far more than that combined total may well be in the market at any one time given developers' understandable enthusiasm to presell as many flats in a development as possible, and the consequent secondary market in uncompleted properties. So, if you add together new homes for sale in each of the distinctive docklands' residential markets, the combined supply represents at least half, and probably substantially more than half, of all the new homes available for sale across London.

That does help to explain why so much is heard about the area, but it doesn't give any clear pointers to the value of properties there. Paribas analysts came to the reasoned view that: "The fast rise in prices in Docklands to, in some cases, levels far higher than in established areas of central London will prove to have looked too far ahead, and the overpricing situation will be made very clear by high levels of new supply."

Long term, Docklands' has the blunt presures of supply and demand for London homes on its side. In the medium term the pace and level of investment in the area looks certain to underpin residential values. Savills' Charles Sanderson is already talking in terms of a Cambridge-Canary Wharf corridor, an entirely logical, if as yet unfamiliar vision of the commercial consequences of the improvements being made in communications east and north of the capital.

Docklands in the mid to late 1990s, should be bustling with more than builders' traffic and sales negotiators cars. In the meantime, developers' are either learning to be patient — since their site costs on completed or near-completed schemes leave them little scope to cut asking prices — or redoubling their sales efforts and working to reassure prospective buyers that a Dockland buy is an investment.

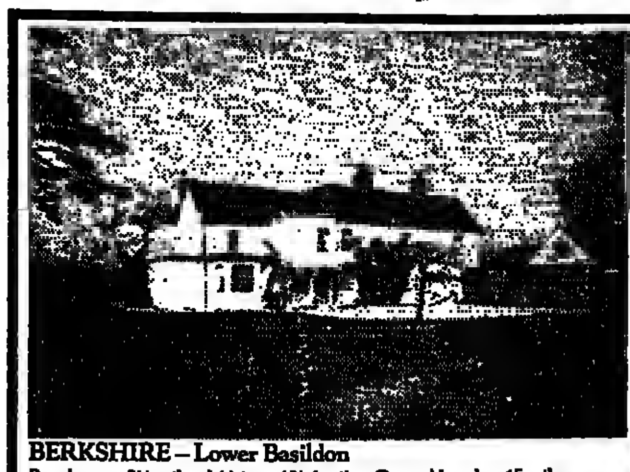
Kentish Homes, which met the post-October fall in buying interest when it launched its ambitious Burrells Wharf scheme, is giving a money-back guarantee of price appreciation on the latest nine-flat phase of its Cascades scheme. Kentish is underwriting a minimum 11 per cent price increase in its Quayside apartments, now selling for between £136,000 to £285,000 for 630 to 1,415 sq ft units. If a revaluation in 18 months shows less than a 18.5 per cent rise in resale values, the company undertakes to pay back the difference between the original price and the value guarantee.

Six months ago developers expected buyers to take that kind of prospective growth in value for granted, and to pay for it up front with prices discounting far higher price inflation. Kentish's move is a clear pointer to the state of the Docklands residential market. London's pioneer country is bidding hard for settlers.

Dockland Property

Country Property

SAVILLS



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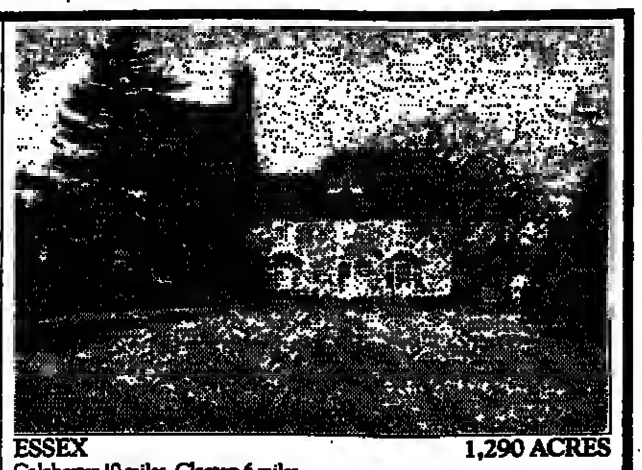
About 3 acres.
Savills, Henley. Tel: (0491) 579990. Contact: Richard Trustram-Eve



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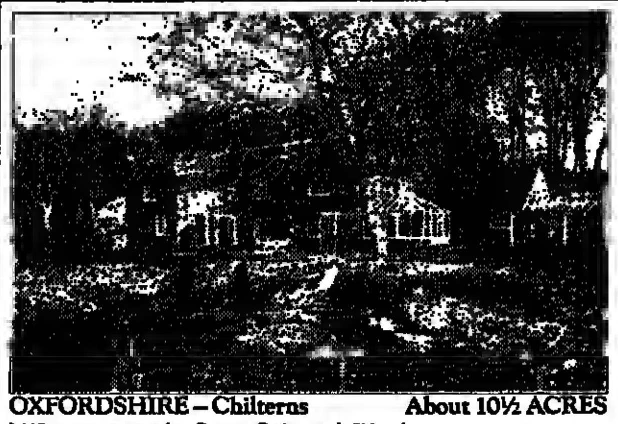

OXFORDSHIRE – Chilterns **About 10½ ACRES**
M40 motorway 4 miles, Princes Risborough 5½ miles, Paddington 45 minutes, Heathrow 27 miles, Central London 40 miles.
Beautifully presented country house standing high in the Chilterns amongst mature beechwoods and with views over the Oxfordshire plain.
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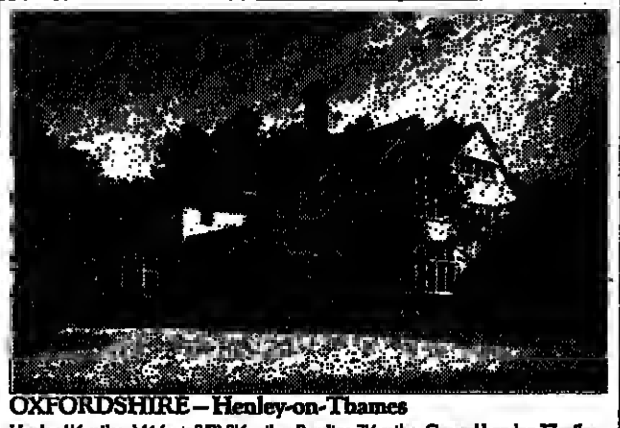
Savills, Henley. Tel: (0491) 579990. Contact: Richard Trustram-Eve



OXFORDSHIRE – Henley-on-Thames
Henley 1½ miles, M4 (exit 8/9) 8½ miles, Reading 7½ miles, Central London 37 miles.
A fine Edwardian country house standing in mature beechwoods and overlooking open countryside.
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Savills, Henley. Tel: (0491) 579990. Contact: John Harris

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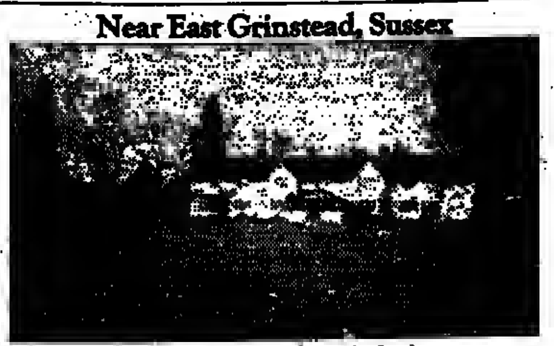

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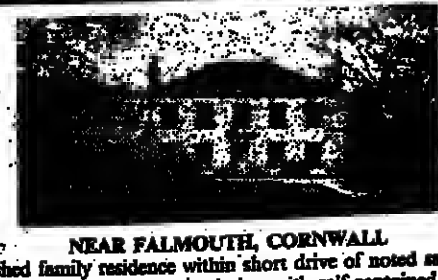

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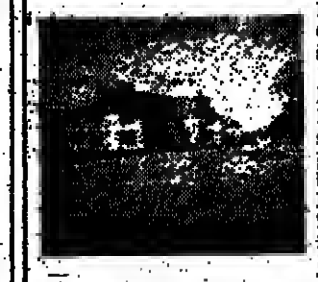

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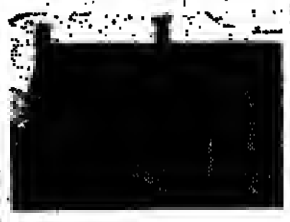

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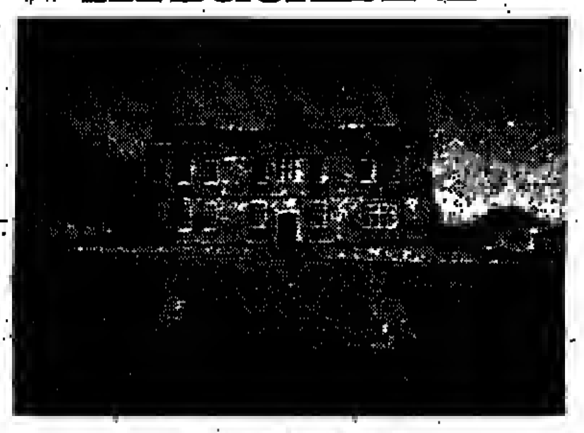

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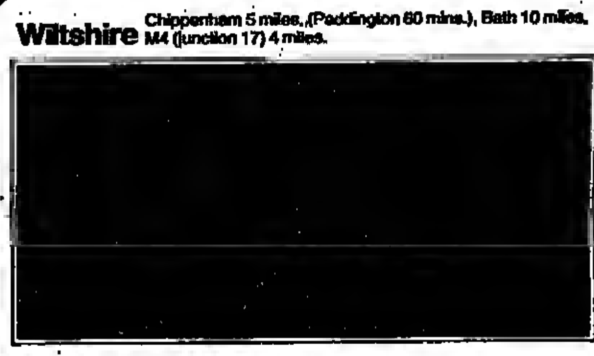

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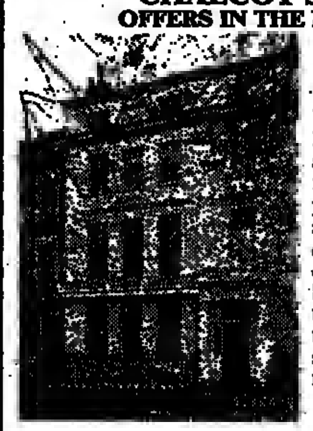

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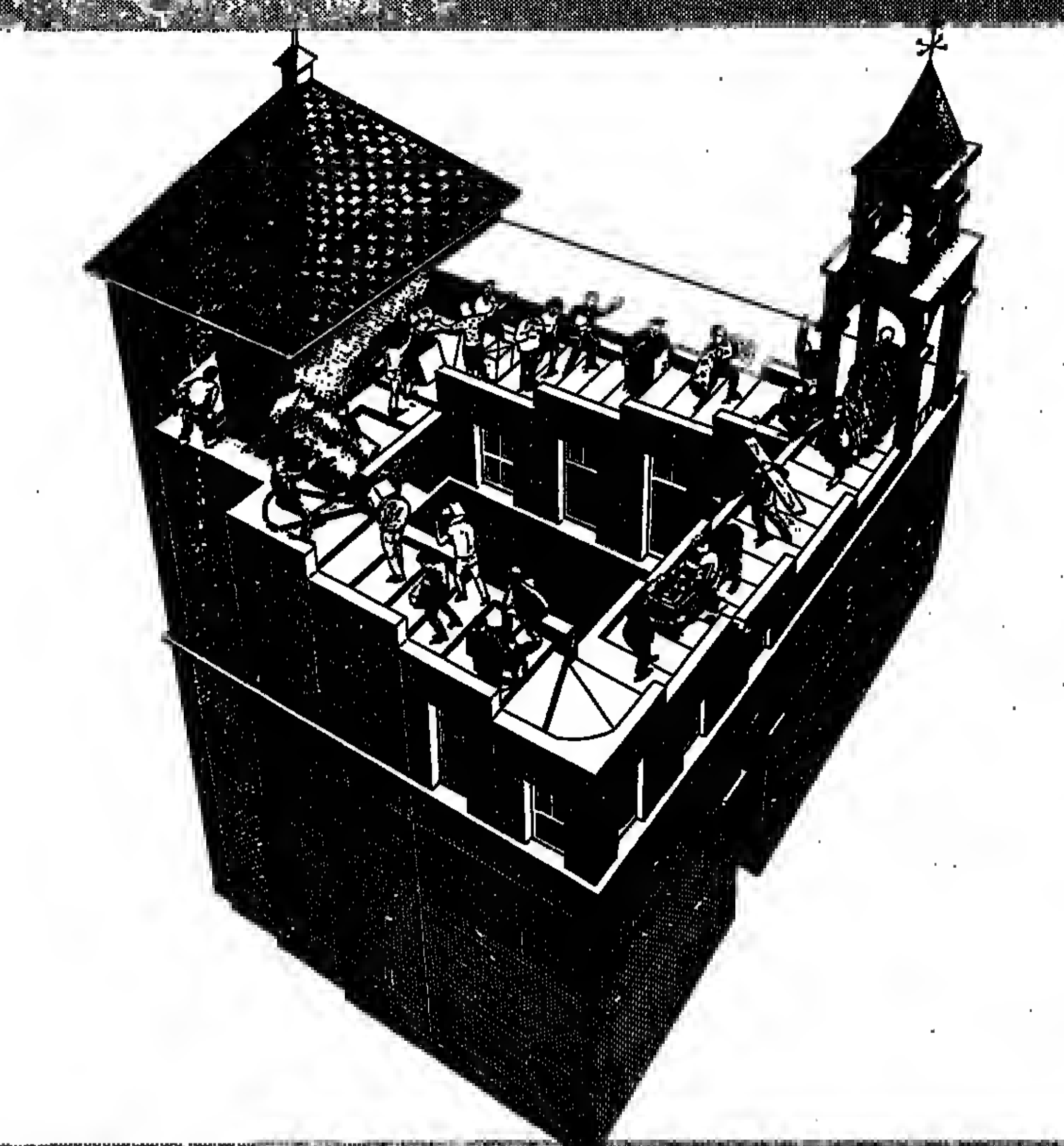

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Fairclough Homes

· GARDENING ·

An acute attack of hope

Robin Lane Fox visits a former family doctor who has just the right prescription for gardeners who want to be different

ONE OF the best sources of plants at the moment is the catalogue of a former family doctor. It is not so surprising. I have often diagnosed gardening fever in doctors. Just when they have me at their mercy, they begin to tell me how they cannot wait for the day when they will have only their plants to look after. Unlike bank managers, they are not just softening up the patient: to judge from their early retirements, they seem to mean it.

In the mid-1970s, David Barker retired from medicine and started a plant nursery around his home in Much Hadham, Hertfordshire. He had been a selling a few good plants off-prescription to his patients: nothing serious, no morning glory, no deadly nightshade, just some good things from his garden where he had inherited an unnoticed windfall.

With the house came a plant of a shrubby potentilla with unusually red-orange flowers. Barker saw its potential. He licensed it to the biggest plant farm, Bressingham Nurseries in Norfolk, and made the headlines with his potentilla Red Ace. Like anthors, plant-finders can receive royalties. They may even be paid on time if the plant is as successful as Red Ace. The new potentilla gave Barker's Hopleys nursery a flying start. It also gave gardeners an easy source of cuttings: plants are even more difficult to control than books.

Hopleys nursery now includes a younger generation of Barkers. It exhibits at Chelsea and the London shows, where I never quite understand why its unusual plants do not win a gold medal. Since Red Ace, it has been sent all sorts of promising discoveries and forgotten geriatrics: old-fashioned double lobelia, unusual penstemons and oddities from winter trips to Madeira and other health resorts.

The nursery is in the front line for gardeners who want to be different. I have just been shopping there, among the polythene tunnels and duckboards. Doctors may be prone to gardening, but gardeners in springtime suffer from acute attacks of hope. My hopes, this year, are for one or two Hopleys' specialities.

The most promising is a newly-marketed mallow, Lavatera Thuringiaca Barnsley. The botanists have had fun with the second name, which gardeners know as olbia; this new form is a white-flowered relation of the rose-pink mallow which grows so obligingly at the back of the border in summer.

Shrub mallows ask to be pirated: they grow very easily from cuttings and I doubt if the new Barnsley could be any better controlled than *Spycatcher*. Its white flowers have a red eye and fade to a silvery pink. It grows a useful 5ft and was first noticed in the famous Gloucestershire garden of Rosemary Verey. In 1986 it won an Award of Merit, and I am hoping my two young, leafy plants will lighten up the garden in August.

Hopleys is also the source of two splendid orange blossoms. In June and July, I wonder why we grow anything else and am always watching for new variations on the white-scented flowers with their purple markings.

Hopleys sells the admirable Philadelphus Innocence, an npright shrub for confined spaces with white flowers that have an exquisite scent. On its plants, the leaves have yellowish markings. Innocence alone took me all the way to Much Hadham, because nobody nearer can supply it.

It led me on to Philadelphus Atlas, another Hopleys revival which was admired in the 1930s for the scent and freedom of its single white flowers. Atlas grows very strongly into a spreading 6ft bush and, at last, we can welcome it back into the garden.

This month, the nursery is conspicuous for the new type of primrose it has imported from New Zealand. Its double flowers come in lovely shades of blue, yellow and crimson, edged at times with an embroidery of silver. Under glass, the stock plants can be temperamental, but they are not difficult in the open air and, as supplies increase, these new forms should have a long future.

In summer they are succeeded by the special array of penstemons. These plants are not always hardy, but they root so easily from cuttings and bring such a fresh note to the garden during the hot season. The nursery is hopeful for its new Barbara Barker form which is a large, pink flower with a white throat, slightly taller than its excelleot evergreen Hopleys' variety which I have found to be hardy.

Not every newcomer is a Red Ace and it takes time for jokers to emerge from the pack. Before visiting, I had two particular Hopleys' exhibits in mind; the white-variegated little pyracantha Sparkler and the big, white-flowered abutiloo vitafolium album, which is another relation of the mallow.

Sparkler, I thought, was tough and reliable, whereas the mallow would not survive the winter. The truth is probably the opposite. After a wonderful debut, the nursery's plants of Sparkler show signs of dying back in their centres. The reasons are not yet obvious, bot these brown patches are a serious nuisance on a shrub grown for its leaves.

As for the abutilon, it turns out to be much hardier if it is not placed directly against a wall where the books suggest. Walls set up odd air currents, but this shrub will stand the winter in a sunny border where it is staked in the open. Hopleys lists its white form as "hardy" and, if it is right, it has one more semi-shrub to soften the glare of high summer.

Learning the tuber

THREE garden centres I visited to buy small dahlia tubers offered me a large selection of varieties, only three of which I knew. This is one of the penalties you pay when a plant becomes very popular, is raised easily from seed, and is liable to deteriorate with age due largely to the accumulation of harmful viruses. Fortunately, dahlia tubers now are marketed in plastic bags attached to excellent colour illustrations of the variety.

The method I adopted was first to pick out the flower colours and shapes I liked, and then to look closely at the tubers in each bag. If they were thin or very small, or the individual tubers were attached to the central crown by slender necks, I rejected them, knowing from experience they would be unlikely to store well.

They might give an excellent display the first summer but, when it was time to dig them up and put them into a frostproof cupboard or store for the winter, many of them would break away from the crown, without which they are useless.

The ideal dahlia root is composed of plump tubers held close to the crown so they form a compact mass. These do not break away easily and they hold enough moisture to keep them plump for five months or so provided the storage place is not too hot. A steady temperature between 10/15 degrees Celsius (50/60 Farenheit) is ideal. The two essentials are that the tubers must not get wet and must never freeze.

It is possible to buy young, rooted cuttings from specialist dahlia nurseries. But unless you have a greenhouse or other good growing area from which frost can be excluded completely, there is little sense in buying young plants in growth before late May or even early June, according to where you live. These soft-stemmed plants are very tender and even a degree or so of frost can kill them.

It is different with tubers. Either the little ones I have been discussing, or the much larger ones that already have been over-wintered at least once, may be around for many years for, despite those virus troubles, some varieties survive for a very long time.

There are gardens in which Bishop of Llandaff still is grown, a fairly short-stemmed, deep crimson-leaved, bright red-flowered dahlia that already was popular in the 1920s. Some say it is riddled with virus, but you would never guess that by looking at the plants. There are such things as disease-carriers among dahlias (as there are among most living things) which can be infected without appearing to suffer any harm.

Tubers take a few weeks to form shoots and, during that period, they are protected to a considerable extent from short-duration spring frosts by the inch or so of soil covering them. That is why I was looking for tubers in mid-April; some to be planted at once in a garden near the sea where to some degree they are insulated from late frosts, some for my own garden in a frosty part of Sussex where they are already growing in pots in an unheated greenhouse for planting out in the first week in June.

Dahlias grown from tubers are likely to make bigger plants than those grown from cuttings. Up to a point this can be useful although there are limits to what is desirable since, if the plants get too large, the quality of the flowers could suffer. This is one reason for splitting older tubers, which have grown very large, before they are replanted.

Experts will do this before the tubers are started into growth, taking great care to split or cut them into sections. Each part will retain both some tubers and some part of the crown, which is where all the growth buds are.

Since these buds are barely visible at this stage, it is quite a tricky operation. I think inexperienced gardeners are better advised to start tubers growing in boxes, or large pots filled with peat or any old potting soil, and delay division until they are sprouting and the new shoots can be seen clearly. It will be possible to break off some pieces by hand but for others a knife, used very carefully, will almost certainly be necessary.

Dahlias grown from tubers are likely to start flowering a little ahead of those grown from cuttings, probably by the end of July in the south and west and mid-August in the colder parts of the east and north. All will continue to flower non-stop until brought to a halt by the first sharp frosts of autumn.

Arthur Hellyer

• D I V E R S I O N S •

Ian Thomson gets the message from a medium

Knock twice if you can hear me, mother

SPIRITUALISTS never die. As if pickled in formaldehyde, they simply "pass to spirit." Or else they "go to Summer Land," otherwise known as heaven. In *Psychic News*, "Britain's only independent spiritualist weekly," there is even a deaths' column headed "Transition."

The fact that Doris "Voices in my Ear" Stokes, the Miss Marple-like medium who died last May, could fill to capacity the London Palladium and the Dominion Theatre with her demonstrations of clairaudience – the ability to hear, dare I say it, the dead – shows how enduring in Britain is tha popularity of wbat G.K. Chesterton called "mediums and moonshine." From what is to many an insidious form of necromancy, Stokes turned spiritualism into a respectable, not to say highly-profitable, business. And the lady didn't see herself as a mountebank; she was deadly serious.

The same could not, I think, be said for the "psychic artist" whom I visited in the run-down east London district of Stoke Newington. In the middle of a dilapidated council estate, her house seemed grimly inimical to mediumship, let alone astral-planing. In hair-curlers and grubby kaftan, this down-market Madame Sosostris ushered me into her peeling front room.

The readings – a snip at £10 – began over a pot of tea: "Have you been meditating of late? 'Cos I'm getting a gorgeous pinkish light off of you, and it's making me feel all sunshiny and happy. Yes, I like the psychic aura that yon have. But I want yon to drink more milk, luvvy. I know it's fattening, hut I think yon could do with a bit of healing.

"Now, hang about, why do I see Stonehenge? Are you the sort thet reaches out for the ancient understanding? Does the name Fred mean anything to you? 'Cos I've got a Fred here from New Zealand. And as I link up with Fred, I'm getting a lot of tension in my abdominal zones, as if he suffered from tummy trouble when be was on the Earth Plane. Do you understand? Now, who in tha family used to collect stamps . . ?"

And yet spiritualism, seemingly a shady hybrid of Babylonian paganism, Rosicrucianism, Buddhism, theosophy and a dozen other "isms," was all the rage long before Doris Stokes. The first spiritualist church, the Charing Cross Power Circle, was founded in 1857. But it was only after the bereavements suffered during the First World War that the movement flourished.

Today, *Psychic News* has some 100,000 readers in more than 70 countries and tha Spiritualist Association of Great Britain, the rather shabby headquarters of which are in London's exclusive and very expensiva Belgrave Square, has some 4,000 members, with 50 in-house "bona fide" mediums.

In Greater London alone there are about 200 spiritualist churches, most affiliated to the Spiritualist National Union, the concerns of which are rather more "scientific" than religious. The rest belong to the Greater World Association, which pledges that "I will at all times endeavour to be guided in my thoughts, words and deeds by the teaching of Jesus Christ."

However, whereas the Christian accepts immortality as a matter of faith, the spiritualist

believes in it as a fact. As such, spiritualism need not be linked with the beliefs of any particular religion. There might be Christian, Confucian or Hindu spiritualists. Indeed, the average spiritualist sermon will usually contain a reference to a single nebulous "being" which one assumes to be the Christian God: "To the Infinite Spirit of the Universe. . . .Great Oversoul of All. . . .O Spirit of Infinite Love and Tenderness. . . ."

Neither is thare a specific morality to be found in spiritualism: manifestations from the Beyond are all that matter. And what Christians might call the "nearness of God" means for your die-hard spiritualist simply the nearness of his "spirit guides." The majority of spiritualists have been won over to the movement as the result of some trivial "message" ("How are you? I am well. I am helping you all I can. Are you having any trouble with your knitting?"); few have been converted by an elevating discourse from Summer Land.

Spiritualists would argue, I think, that psychic messages are bound to be banal, as people do not change significantly when they float zenithwards to one of the seven ethereal spheres of Summer Land – although things might conceivably be different if one picked up on a vibration from Beethoven ("Speak up, I can't hear you!").

I attended spiritualist services in such diverse London districts as Battersea, Notting Hill, Lewisham and Enfield, at churches with names like the Island of Light, the Temple of Light, the Brothers of the Bon Accord and the Beacon of Light. Here are some examples of communiques dispatched from the Higher Life to the assembled congregations: "I see a nun with piles of gold coins. In other words, if you want to put a deposit on a new house, go ahead"; "I'm linking up with a lady from Torquay who says, the next time you buy a pair of shoes, make sure they fit. And don't forget the surgical bandages for your knees"; "I have a father figure here, and he says 'a change is as good as a rest'."

The Beacon of Light in Enfield is no ordinary spiritualist church. It was built by a Mrs Lewis in 1937 as a memorial to her husband, rather like the Taj Mahal. She was the mother of our great travel writer Norman Lewis, and the Beacon ("No Barriers of Race or Creed. Licenced for tha Solemnisation of Marriages. A Cordial Welcome to all. Toilet Facilities in the Rear") stands in what used to be her back garden.

Inside, an air of the prefabricated prevails: a plywood rostrum, linoleum floor, "Wurlitzer" organ, plastic flowers – a fairly typical London spiritualist church. Above the lectern hangs a picture of the Fox sisters' house in Hydesville, western New York, which in 1848 unaccountably produced a series of "rapping noises" – so giving birth, it is said, to "modern" spiritualism.

This unprepossessing interior notwithstanding, the north London suburb of Enfield must be an unusual pocket of the paranor-

mal, as some markedly untypical occurrences have taken place in the Beacon of Light. Mrs Alden, a lapsed Catholic who is now president of the church, tells me of the frequent appearance of a luminous "voice trumpat" through which friends from the spirit world speak or sing. There has even been a materialisation of ectoplasm, a rarefied form of matter emitted by certain "gifted" mediums, usually – but not always – through various bodily orifices.

She explained: "It looked like fine chewing gum, the ectoplasm – flowing out of the man's solar plexus. Trouble is, you don't get much ectoplasm these days on account of the hectic nature of modern life. I mean, if you're trying to conjure up the stuff and an ambulance rushes past outside, well, it shakes you right rigid, don't it? Twenty years ago, we didn't hava all these modarn sirens and low-flying aircraft coming over the Beacon of an evening, did we?"

Mrs Alden went on to tell me of the occasion when a woman's husband "came through to her" during a service at the Beacon: "I didn't want the bugger on earth," she shouted at the medium, "and I don't want him now. Take him back." (I resisted the temptation of making a quip about striking a happy medium).

It is hard, though, to see how distinguished writers, politicians and philosophers have in the past been smitten so strongly by spiritualism, this first of modern heresies. Sir Arthur Conan Doyla wrote a hefty, two-volume *History of Spiritualism*; Arthur Balfour believed his sweetheart had tried to get through to him from Summer Land; and William James, author of *The Varieties of Religious Experience*, did much to bolster the spiritualist cause with his fogbound talk of "distant horizons of fact."

In one spiritualist church, I saw elderly people lying down in the aisles with a "healer" kneading various parts of their fragile anatomies. "As you find the cause of the illness," he told me, "you often get a greenish light and a vibration in the hands. When you think about it, we're only doing as Jesus Chirst did, what with the laying-on of hands and all. Mediumistically speaking, he was the most outstanding medium that ever walked. And look at Pentecost – the greatest séance of all time!" (The "healer" didn't much care, though, for the line in Deuteronomy which says "Mediums are an abomination unto the Lord.")

In G.K. Chesterton's autobiography, we read of a man who spent his entire life seeking Derby-winner tips from mediums. After a while, Chesterton suggested that he purchased *The Pink-'un* (a now-defunct racing rag) and turn it into a paper combining tha two interests to be sold at "every bookstall under the name of *The Sporting and Spiritualist Gazette*."

Should spiritualism continue to be so popular, an enterprising press baron ought to think about Chesterton's suggestion: we could have *The Independent Spiritualist*, *The Psychic Daily News*, and, for the more specialist seeker-after-truth, *Ectoplasm on Sunday*.

"A Winter Landscape with Skaters and Donkeys" by George Moreland (1763-1804), to be sold at the Grosvenor House fair in June by Arthur Ackermann & Son Ltd

Saleroom/Antony Thorncroft

Dealers fight back

THE NATION is awash with antique fairs. Every week the doors open on another dazzling array of the the good, the bad and the ugly; the over-priced and the under-appreciated; the genuine and the doubtful. So far this year, along with dozens of regional fairs, we have already had the new City of London fair at the Barbican and that old faithful, the Chelsea.

The expensively-titled British International Antiques Fair at the National Exhibition Centre in Birmingham, with scores of decent dealers, the backbone of the trade, taking space, has just ended. And the big ones – Olympia, Park Lane and the grandest of them all, the Grosvenor House – are still to come.

The general fairs have begat specialist fairs. The dealers in water-colours hava their own get-together as do the silver dealers and the print dealers and the ceramics dealers and the arms and armour dealers. Next week yet another new entry, a fair devoted to 20th century British art, will be announced for early October.

Why such a profusion? Has the *Antiques Road Show* converted the populace into avid and informed collectors? Well, no. The main reason for the rush of fairs is that they suit the dealers. Many top-rank dealers have given up their shops, squeezed out by rising rents and rates, and transact their business from homa, fleshed out with fairs where they can meet new customers, dispose of stock and, most crucially, buy.

Dealers can shift tremendous quantities of antiques at fairs. Christopher Clarke, president of the British Antique Dealers Association, who operates from a shop in Stow-on-the-Wold, Gloucestershire, reckons that 15 per cent of his annual turnover is achieved at Grosvenor House, and this figure is fairly typical.

In addition, the fairs give dealers the opportunity to buy new goods. The biggest problem facing the trade is the shortage of decent antiques coming onto the market. The annual raids by foreign traders have taken their toll on the nation's stock of fine furniture, pictures, silver and so on. Also, collections rarely are sold off at death: the heirs keep the choicest items to furnish their own homes. Fairs offer dealers an opportunity to scoot around before the doors open to the public to size up possible bargains accumulated by competitors who might know tha vaine of an object rather than its market price.

The high activity underlines the booming conditions in the antiques market. The collapse in the stock exchanges caused the impoverishment of a few collectors but it has also removed from the share market oodles of surplus funds that are looking for an alternative investment home. And there have been enough commentators promoting tha attractions of antiques to draw in some of this speculative cash.

So, slackening supply confronting fair demand (with the glaring exception of the Americans, who are trying to secure a discount on potential purchases to compensate for the depreciation in the value of the dollar) has kept dealers reasonably happy.

Attention is already concentrating on the big event of the antiques year, the Grosvenor House Fair, which runs from June 9-18. The fair has been criticised for excluding foreign dealers, apart from those who have set up London outlets. But it is very much the shop window of the BADA, which after years of inertia is rousing itself to try to win back business from its arch-rivals, the auction houses.

In the past, the success of the fair has been measured by the weight of American buying, which is especially strong for 18th-century and Regency English furniture. But Continental and, increasingly, British collectors are set to make good any transatlantic abstentions.

The fair is undoubtedly a glittering start to the London season and one that shows up both the bad and the good sides of the dealers. The bad is the provocative way that they offer for sale, with easily calculable mark-ups, works of art they bought at auction for more modest sums a few months previously. The good is their willingness to become friends with both buyers and sellers. Dealers often can secure higher prices for vendors than an auction house by selling for them on commission an item of furniture or a picture. For buyers, they will usually be prepared to take back any antique they sell if the customer becomes bored with it.

Much of the conflict between dealers and the salerooms is exaggerated. The dealers are the main buyers at auction – and the biggest sellers, too. They enjoy credit facilities and are allowed discounts that would be tha envy of private collectors. They can also negotiate advances to pay for desired objects.

Undoubtedly, though, the dealers have lost much business, especially overseas business, to the auction houses in recent years. They are now fighting back. The BADA has launched an expensive public relations campaign in an attempt to make its members better known. It is also offering an assessment service under which the owner of an antique can have it authenticated competently by a panel of BADA experts.

At £150 an item, this is an expensive undertaking and does not extend to a valuation; but, for an important item, the guarantee that such a report confers could enhance its price considerably.

It is a pity that such a guarantee does not exist at fairs. Grosvenor House goes to extreme lengths to ensure the items are right, but lower down the scale there will be many objects at fairs that are described speculatively – and priced similarly. This means that innocents should beware but that specialists can expect to pick up bargains.

Harrow's heritage

HARROW SCHOOL in north-west London has long been a mecca for worshippers of 19th-century architecture. The school grew greatly in that period, especially to the middle of the century, and is graced with buildings by Cockerell, Burton, Gilbert Scott, Burges and Champneys.

Next week, there is an extra attraction. Hasten by the Metropolitan Line to Harrow-on-the-Hill to see an exhibition in the Old Speech Room Gallery (2.30 to 5, not Wednesday, until April 30) of architectural drawings and plans of the time. After that, a walk round the school gives the chance to compare the views then, and the plans never fulfilled, with tha powerful buildings piled one on another as if an Italian hill town centuries late.

Star of the show is William Burges, whose extraordinary Speech Room (1872) is a masterpiece to equal his St Finbar's Cathedral in Cork. He managed to marry the plan of a classical theatre or odeon – a shape well-suited to the site and the needs of an assembly hall – to a French-influenced Gothic style.

His triumphant conception emerged in a polychromy of brick, stone, and boldly-painted iron and wood. His plans also are multi-coloured, for the different materials, and show the technical feat – with piling up to 40ft deep – of building this hall. Perspectives of parts never built – a laboratory and a gymnasium to match the rhetoric of the Speech Room and exemplify the rounded education – complete his schemes.

George Gilbert Scott's chapel (1875) is a fortress of piety from the outside. Inside, it is impressive for the army of tablets for those who died in Crimea and the Boer War along with distinguished Old Harrovians, masters, and boys who died at school.

Scott also designed the Vaughan Library (1863) next door, an exuberant building, light inside and with a rich feel of the leisure needed for learning. It has elaborate patterning in red, blue and yellow and is approached by a path of encaustic tiles. Lord Palmerston, aged 76, rode on horseback from London to lay the foundation stone.

The permanent exhibition in the gallery has a superb collection of Athenian vases; some attractive stuffed birds; Egyptian antiquities given by pioneer Egyptologist Gardner Wilkinson in 1879; and the only Trollope manuscript (Framley Parsonage) in the United Kingdom, Trollope being the only boy to have gone to Harrow twice (with an interval at Winchester).

The pictures are eclectic, including works of Victor Pasmore, David Jones and Winston Churchill, plus Marie Laurencin painted by Cecil Beaton which looks like Cecil Beaton by Marie Laurencin.

The charm of the Hill is that it is still a world apart from the suburbia around. Look at the buildings and find the plaques recording Charles I taking a last free look at London in 1646; the young Lord Shaftesbury's conversion to help the poor when he saw the drunken funeral of a pauper; and Britain's first fatal motor accident in 1899. You might then see why Sir John Betjeman, who went to Marlborough, saw himself as spiritually an Harrovian.

Gerald Cadogan

Wine: Edmund Penning-Rowsell assesses nine clarets from 1945 on

The vertical way to good taste

VERTICAL TASTINGS, usually of clarets from a single property, are much in mode. To really be *chic*, at least one 19th-century vintage should be included; but recently Ch Pichon Lalande, of Pauillac, encouraged by the same Paris tasting group that last year laid on the Pétrus tasting that I attended, arranged a "vertical" more relevant to present-day drinking of leading clarets.

The purpose was to assess, rsther than guess, nine vintages from 1981 back to 1945: wines not impossible to find outsida the inner recesses of a collector's cellar. Around 40 *sommeliers* from top Paris restaurants, visitors from Germany and Austria, and a small number of English wine-writers were there.

All the wines were all served blind but in batches of five (the last one of four), with the youngest years first and the oldest last. So, we knew that the first batch consisted of the '81,'79 ,'78,'76 and '70 vintages but not which was which; and so on until the '50, '49, '47 and '45 were reached.

Pichon-Lalande was a good choice for this, for it has certainly come to the fore in the past 20 years following its take-over administratively hy Mme May-Eliane Lencquesaign and, oenologically, by Jean-Jacques Godin, the *régisseur*. The rising quality of the wines has in recent years been reflected in the opening prices per bottle: Ffr45 for the '81, Ffr67 for the '82, Ffr95 for the '86. The vineyards, partly in Pauillac and to a lesser extent in St Julien, produce wines combining something of the body of the former and the elegance of the latter.

The marking was out of 100, with five points apiece given for clarity and depth of colour; 10 each for fullness, finesse and typicity (i.e. resemblance to Pauillac wines) on tha nose; and 50, divided into 10s, for richness, body elagance, length in tha mouth and character, with a final 10 for balance. The plan was to collate all the votes on a computer and place the vintages in order of preference.

Although four bottles of each wine were available and generally three were opened (as happens so often on such occasions), there were considerable bottle variations. This resulted in some assessments so out of line with the majority verdict that they were omitted from the final count.

For example, when the third *tranche* was served, the English writer with whom I was sharing e table said, after tasting it: "No prizes for guessing the '61." In fact, this deep-coloured, rich wine to which I gave 94 points – my highest vote – turned out to be the '62.

The next wine that I took to be the '53 actually was the '61: an untypical bottle, to which I gave 82. Later, I gave 80 to the genuine '53. I also gave 83 to the '64 and 81 to the surprisingly complete '45. All my other votes were in the 70s and 60s except for the immature '70 that I scored at 55. I gave nothing to the '50, which was volatile.

Only 21 lists were taken account of because of bottle variation, and some very serious English tasters were left out. The order of voting was '61, '62, '45, '66, '53, '78, '81, '71, '59, '47, '70, '64, '75, '79, '49, '76, '55, '67 and '50. The '61 secured 83.6 points out of 100, the '62 got 82.44 and the '45 managed 79.29. The middle wine, the '59, scored 75.07 and the bottom '50 only 58.22.

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A VERY different type of tasting occurred in Margaux last week. It took place in Ch Lascombes, the second classed-growth Margaux, and tried to establish a special identity for the wines bearing the Margaux *appellation contrôlée*, which also includes Cantenac, Labarde, Soussans and Arsac. They contain 21 classed growths – only Poujet was missing from

the tasting – and a total of 50 properties, which were tasted blind by 57 people divided into five groups.

Ten tasters were from Britain and others came from Bordeaux, Paris, the Benelux nations and Germany. There even was one from Japan. The vintages were 1985, 1982, 1981 and 1978, with each group tasting eight to 10 wines. The British party sampled eight '85s: a difficult task compared with assessing rather more mature years.

In order to compare results that could be put on a computer, a special 150-word vocabulary in French and English was employed to describe in sections the appearance, bouquet, palate, length of taste and overall impression of each wine.

Clarity and depth of colour were applied to the appearance; various analogies such as plant, flower, fruit, animal and mineral were listed for the bouquet; intensity, structure, pleasure and masculine and feminine connations were allotted to the palate, followed by the persistence of the taste in the mouth and the final impression.

Each tasting section had a chairman to collate its marking including Professor Ribereau-Gayon of Bordeaux University, Bernard Ginestet, Mayor of Margaux, Alexis Lichine and, for the British table, Stephen Spurrier, wine merchant and head of the Academie du Vin in Paris.

A problem with such a tasting is that the minor wines bear little resemblance to the major ones. Of the eight I sampled, I had never heard of four (Les Barraillots, Haut-Graves, Pichecan and Rambaud) and only vaguely of the fifth (Monbrison). Not surprisingly, therefore, not only did they appear in quite a different class from the other three but, for me, they had no marked community identity, as similar-class St Estèphes and Pauillacs more probably would have had.

In the marking, the tasters were not asked to identify the wines: only to indicate their appreciation of each by their choice of listed words, with a one to five marking as to their personal emphasis on the terms they had adopted.

At the end of this tasting round, each section was asked to select the two best. Later, the groups were to be asked to taste the choices of the others. The British table had little difficulty in selecting what turned out to be Cantenac-Brown and Rausan-Ségla. I marked the former as brilliant and very dark with new wood, a bouquet of truffles, violets and blackberries (yes, they were all there!) and having a vigorous, full-bodied, tannic, well-balanced flavour.

Until recently Cantenac-Brown, a property sold last year, had not been a very interesting wine and there was some surprise among us at this result. Rausan-Ségla, after a long, dull period, has improved greatly and this was the first choice of the pair. On account of its deep aroma and concentration, I guessed it as Ch Margaux. It was complex, seductive, flattering and "lingering" (i.e. more persistent than "long").

The choices of the other groups were Lascombes and Brane-Cantenac '85, Malescot and La Gurgue '82, d'Issan and Angludet '81, and Palmer and Margaux '78 – eight out of the 10 being classed-growths.

Unfortunately the first round had taken so long that the second - with the purpose of evolving a composite identity of Margaux wines – could not take place. But the terms recorded most by the computer were concentrated, dense, complex, new wood (oak), rich, harmonious, deep and classy.

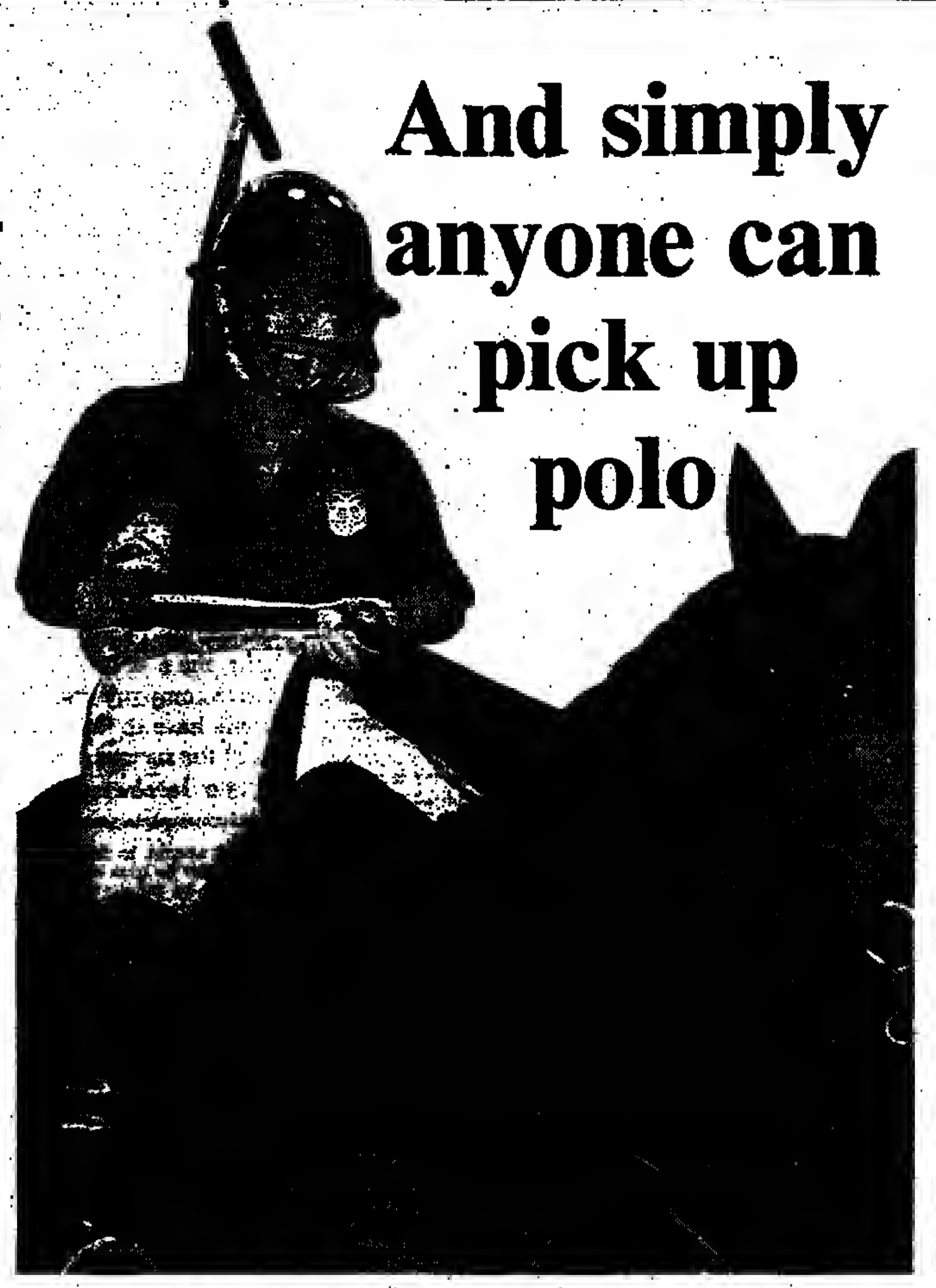
I cannot claim that I now believe myself much more able to identify AC Margaux wines, for it all depends on which level the wines are tasted: *cru classé, cru bourgeois or petit château*. Nor was any special identity established. Nevertheless, it was an interesting, informative event and Lascombes and Alexis Lichine & Co (both owned by Bass-Charrington) deserve full praise for a novel conception and the efficient way it was carried out.

The polo season starts this weekend. You may be surprised to know that you also can learn to play Kipling's 'king of sports and sport of kings'

And simply anyone can pick up polo

Lucia van der Post

HOW TO SPEND IT



Lucia van der Post, polo stick in hand, sets off for chukkas

WHAT, you may well ask, is a mother of two grown-up children, whose leisure time mostly is spent sitting around tables in the company of the chattering classes, and whose daily life is lived largely within the confines of London's Circle Line, doing astride a polo pony, wielding a 3ft-long stick of wood and trying desperately to whack a wooden ball? Having a lot of fun, that's what.

It happened like this. On a grey day in the office, I lifted the phone and a soothing voice asked if I might like to come and try some polo. "But I can't ride," I said. "Oh, don't worry about *that*," said The Voice. "Peter can teach *anybody* to play."

"You mean, even me? Even somebody who can't remember which side of the horse you're supposed to get up on?"

"Oh, yes. We've had people playing chukkas after two or three lessons who have never sat on a horse before." Who could resist?

A week later, I turned up at Sunningdale station in Berkshire in jeans, borrowed riding boots, gloves and a warm but enveloping anorak. I didn't, I have to say, look much like a new recruit for the England team but Peter Grace, of Peter Grace's Rangitiki polo school, and a four-goal player himself, didn't even flinch. "Hello, there! We're going to start you off on the wooden horse."

Peter has this almost evangelical desire to prove that polo isn't only for the few who have been surrounded by horses since birth. He reckons he really can teach almost anybody to play. "I've only given up three times and that was because it would really have been robbery to have gone on taking their money," he said. "Otherwise, I've taught 80-year-olds and 10-year-olds. I've had people who have never sat on a horse before end the season playing in my team."

He himself took it up only about 15 years ago but he and his four beautiful daughters, fearsome players all, make quite a team. He is undoubtedly an inspirational teacher. He really does think you are going to make it and seems as thrilled as you are when you first actually make contact with the ball. Nobody could have worked harder to get me ready for my first chukka (for the uninitiated, a polo game is divided into six playing periods of seven minutes each which are called chukkas).

But back to the wooden horse. Here, in a corner of the hallowed Smiths' Lawn, hidden mercifully from the eyes of the world by a wooden hut, is a wooden horse where Peter initiates the beginner into the finer points of the polo swing. "One, two and follow-through" is the mantra you have to learn to intone. The crucial thing, of course, is to hit the ball and not the pony. To do this, you have to learn to grip with your outer leg, turn the whole body sideways and swing the stick parallel to the horse.

Here, after a certain amount of flailing at the Berkshire air, I finally began to make contact with the ball. I think it only fair to warn you that first time you do the "one, two and follow-through," and send the ball flying 100 yards, is the moment when you'll be hooked, when bankruptcy begins to stare you in the face. It's like your first parallel turn when skiing – you're lost. As one of my fellow-pupils put it: "Once you've felt that ball rocket away it's no longer a game, it's a disease."

From the wooden horse to the real horse. Here, even Peter did flinch momentarily. "I hadn't quite realised that you had never ridden before but never mind, we'll give you Lito." A polo pony must be one of the fittest animals on earth. It is also one of the most highly-trained and disciplined - like a dressage pony going at 30 mph. Even my inexpertly-conveyed instructions seemed to be obeyed instantly.

It's worth explaining here that even though the "pony" you are given to ride looks much more like a whopping great horse, "pony" is the word you use – it's all, you understand, part of the myth and romance of polo, left over from the days when they had to be under 14.22 hh.

Four lessons later came the day when it was decided I was ready for some practice chukkas. We had to play indoors because of the weather, which means you play three instead of four-a-side - Peter, his eldest daughter Jane and I against Kevin, a fearsome four-goal New Zealander come to help teach at Rangitiki; Jorge, a Portuguese businessman; and Elizabeth, a City banker.

This is the moment of truth when you realise that stick-and-ball practice with just Peter, you and a kindly pony in a field is very different from trying to "one, two and follow-through" with hundreds of pounds of pounding horseflesh trying to "ride you off." (This is a perfectly legitimate, indeed essential, manoeuvre which the would-be player has to learn to master).

Cinnanus, the historian, writing in the 12th-century, described it perfectly. He thought the game "a very doubtful and dangerous one as he who would play it must be constantly lying flat on his horse, and bending himself on either side of his horse, and be turning his horse very sharply, and he must manage to ride so as to be skilled in moving his body and his horse in as many different ways as the ball is driven."

I will spare you the details of the ensuing hours - save to say that I had the most enormous fun. By dint of keeping out of the way our team won – but then, with two of the amazing Graces in the side, what else could you expect?

As for me, well, the Hipwood brothers' places in the England team are safe. I might have been taught by the finest in the land but there's a little way to go yet. I can hit the ball when the horse stands still and I can ride the horse when I'm not reaching out to whack the ball. All I've got to do now is to hit the ball when thundering round the ground on £1,000 worth of expensively-groomed horseflesh while other fearless players are attempting to ride me off. Simple, really – I don't know what's taking me so long.

DETAILS

Peter Grace's Rangitiki Polo School, Wood Hall, Sunningdale, Berkshire SL5 9QW. Tel. Ascot (0990) 21312. Peter Grace offers individual lessons from about £60 a time. In the summer season, which starts this weekend, initial lessons are held on wooden chairs instead of the wooden horse. From there, players graduate to stick-and-ball practice on ponies, and from there to chukkas.

In the winter, there are indoor Sunday sessions when chukkas (all horses, equipment and instruction provided) are played from about 12.30 to 3.30. Cost: £100. In the summer, play is outdoors on a Saturday and Sunday morning from 10am to 12 am and costs £60. For about £3,000 a year, you could have a full season's polo with Peter.

At this moment he is setting up a club where members can come and play without needing to own their own ponies or equipment. Apply to him for membership details.

THE KIT:
Pukka polo kit isn't cheap. In the old days, a gentleman bought it all in the London West End environs of Savile Row, Bond Street and Jermyn Street, and his breeches-maker would send them round to the boot-maker so he could try on the kit together. These days the old names are still in action and, if you wanted nothing but the best, this is what it would cost you.

● BREECHES (not jodphurs: the turn-ups and extra length wouldn't be so comfortable in the boot). Must be white, preferably cotton with a 5 per cent stretch synthetic. Even quite smart players often practice in white jeans. Breeches come in stock sizes and cost about £65 (depending on the size), p+p £1.50, from W. H. Gidden, 15d Clifford Street, London W1.

● CAP. The old-fashioned helmets look wonderful, conjuring up the days of imperial glory, but to these safety-conscious times the cap has become the thing. James Lock, 6 St. James's Street, London SW1, sells them at £110 (plus VAT) and the protective face-guard is another £25 (plus VAT). Caps can be almost any colour – navy, dark, green, red.

● BOOTS. Must be brown. The practical reason appears to be that, in the "riding-off" manoeuvres, players' boots rub against the white breeches and, whereas black polish won't come out in the wash, brown will. Smartest are to thick, brown calf made to measure by Henry Maxwell and Co., 11 Savile Row, London W1, at £1,161 (plus VAT) which take two to three months to make. Wooden trees for keeping the boots in shape are vital - £197.

If you learn to play with Peter Grace at Rangitiki, you can start off without buying anything more taxing than "a pair of gloves and a bottle of Radox" (the Radox is for the bath you'll certainly need afterwards). You can start by wearing jeans and a shirt – Peter will provide boots, cap and face-guard, kneepads, and everything else from the polo sticks to the ponies. If you then decide that polo really is for you and you want your own kit, Peter can sell you anything and everything, except the breeches.

● SANDON Sadlery Company, Sandon, Hertfordshire. Tel Kelshall (076387) 247. Anybody who can make it to this charming shop is in for a treat. Run by one of the great characters of the equine world - the famous Miss Dodd-Noble - everything the horse-lover could possibly desire, from books to arcane Arab bits, is in here somewhere.

Piled high in corners is new and second-hand equipment of every sort. Here you could get pukka kit for a fraction of the London prices. White stretch breeches are £35; brown leather boots £200; kneepads between £50 and £100; caps in masses of colours, with face-guards, £72; gloves, which should be fine *cotton or leather so you can grip* the stick well, from £5.

If you embark on having your own ponies, then you will be able to kit them out here, too - once again, there is a vast choice of secondhand tack as well as new. The shop runs an excellent mail order service.

THE HORSE

If you join a club where you have to provide your own horses, bear in mind that two is an absolute minimum but, generally speaking, you should have three or four. Lt. Col. Harper, of the Hurlingham Polo Association, offers this advice. "A horse is not mature enough to play until it is at least four years old and it takes at least a year to train one properly. Skilled trainers are also rare. A 'made' pony, as they are usually still called, will cost £5,000 if it is under 12 years old and sound. Older horses, more suitable for beginners, perhaps with some technical unsoundness, may be had from £1,000."

To kit-out the pony will cost around £750 in tack (although you can buy second-hand for less). You have to look after them - at livery they would cost about £65 a week, but if you were to invest in as many as, say, five, then it would probably pay you to rent your own stables and hire a groom at around £125 a week. Then there is food, vet's fees, blacksmith's fees, and don't forget they will need exercising - you can't just forget about them when the polo season comes to an end.

The Hurlingham Polo Association, Ambersham Farm, Ambersham, Midhurst, West Sussex. GU29 0BX is the governing body of the sport and, in return for a cheque of £4.55, will send you a copy of the Hurlingham Polo Association Year Book. This not only gives the names, addresses and telephone numbers of all the clubs but the rules and much useful information besides.

James Ferguson

Cooking: **Philippa Davenport** recommends a menu for informal eating as the days draw out

Tasty tidbits to celebrate spring

WHEN BRITISH Summertime arrives, I clock out of the dining room and move into the sunroom for lunch. For while it is much too soon to think about eating out in the garden, this halfway house is ideal for trapping every bit of sunny spring warmth while keeping out the often-chilly breeze.

Here is a little menu for six designed to celebrate spring. It is light and fresh-tasting, exceptionally easy to cook and not extravagant. Just right, I think, for lunch in the conservatory or an informal supper gathered round the kitchen table.

QUAIL EGGS WITH SESAME AND CELERY

No other first course could be easier and prettier than hard-boiled quail eggs served in their shells. For a seasonal touch, I like to pile the eggs into a small *basket lined with a nest of moss* raked from the lawn (there is no shortage of this).

I accompany the eggs with a jug of celery – which should be crisp, tender and leafy – some salt and bread and butter. Not plain sea salt but my own slightly nutty and spicy concoction which I make by pounding together with mortar and pestle two tablespoons each of lightly-*toasted sesame seed and Maldon* salt, then mixing-in just one teaspoon of celery salt.

As for the bread, I recommend a thinly-sliced loaf of Goswell's black rye anointed generously with Normandy butter. It is quite unlike any other rye bread I have come across; it has the usual beautiful black colour but is elegant and light-tasting, not dense and sour as rye bread can be.

CHICKEN OR RABBIT WITH COURGETTES AND LEMON GRASS

Lemon grass from Thailand is a recent newcomer to our shops (and very welcome, too). Peel back the outer layers and chop the bulb finely and you will discover its heady, lemon-sherbert fragrance, delicious with light, white meats and spring vegetables. If you cannot get lemon grass locally, use the finely grated zest of two lemons and a good squeeze of lemon juice instead.

I accompany this dish with rice, which can be left to bubble away gently in the background while you serve the first course. All the other preparations can be done ahead, leaving you only to stir-fry the meat at the last minute.

To serve six people, you will need between 1-1¼lb of lean, boneless and skinless meat. It must be a tender cut such as breast fillet of chicken or saddle of farmed or very young wild rabbit.

Cut the meat into quills. Dress it with two tablespoons of sunflower oil and two teaspoons of soy sauce and leave to marinate to a cool place for one hour or more.

Strip the dry outer layers from four or five bulbs of lemon grass. Chop the flesh very finely. Cream a slightly-heaped teaspoon of cornflower with a splash of water to make a smooth paste. Work in gradually a scant quarter-pint of good poultry or rabbit stock. Stir in the lemon grass, about 1½ tablespoons of lemon juice and a seasoning of salt and pepper. Cover and set aside.

Top and tail 2¼-2½lb of young courgettes. Slice them quite thickly or cut them into sticks about the same size as the pieces of chicken. Sauté the vegetables in a little sunflower oil in a large, non-stick frying pan. Season and keep hot.

When you are ready to serve the dish, tip the chicken (or rabbit) and its marinade into the hot pan and stir-fry briefly. Pour on the sauce and return the courgettes to the pan. *Let the liquid* bubble up and stir and turn the ingredients to coat them evenly with the sauce.

Season quickly with salt, pepper, lemon juice and/or soy sauce to taste. Sprinkle with chopped chives and serve on a bed of rice.

WILD APRICOT CREAM

Dried apricots vary enormously in quality and it is worth seeking out the very best for this simple and lovely dish. I recommend wild Hunza apricots, which are sold by some health food shops and delicatessens. Hunzas are sun-dried naturally, without the sulphur dioxide employed often when drying apricots to prevent discolouration. They are expensive and don't look much – small, brownish and dry – but they are beautifully aromatic.

Wash 12oz of dried apricots under a cold running tap, brushing off any obvious grit. Put the fruit into a bowl. Squeeze the juice of an orange over the apricots and add enough warm (not hot) water to cover the fruit, probably three-quarters to one pint. Cover and leave to soak for 12 to 24 hours.

Stir occasionally when passing and top up with more water as necessary. How much liquid the fruit will absorb will depend on how dry it was in the first place.

Transfer the fruit to a casserole. Add the juices, straining them through a sieve lined with damp butter muslin to get rid of any little specks of grit. (Apricots, like mussels, are notorious for trapping grit). Cover and cook at 275 degrees Fahrenheit (140 Centigrade) – Gas Mark 1 – until the fruit is perfectly tender. This may take 1½-2 hours or even longer.

Set the casserole aside until the contents are cold. Then put the fruit, but not its liquid, into a food processor and whizz to a smooth puree.

Aromatic apricots will not need any sweetener; tart ones may benefit from adding a spoonful or two of sugar at this stage - caster, icing or pale Muscovado, as you wish.

Stir one large tub of Greek strained yoghurt until smooth and creamy. Fold it gently but not too thoroughly into the apricot puree, leaving marbled ripples here and there.

Spoon the mixture into six to eight small glasses, cover and chill well. Scatter with a few flaked and toasted almonds just *before serving*, or serve with almond tuiles on the side.

French without fears

WHERE WOULD you take a visiting Frenchman for lunch or dinner? I suppose most of us, unimaginatively enough, would take him to our familiar little place where the talented young chef works his nightly magic on the octagonal plates and where the wine list is a gem. Nice to go where you are known when you have a critical guest; and our Frenchman will, of course, be seriously critical – unlike, say, an Italian or German *bon vivant* you happen to be entertaining.

Let us assume your aim is to please your Gallic guest and give him a good time. If you embark *on the occasion in the spirit of* Waterloo, you will ply him with sodden fish and chips and call on him to wash it down with a pint of mahogany-strong tea. But unless you can rely on your ability to wade through with cries of "Good eh?" and "This is the real stuff" or even "More tea, Doris?" then such a bold grasp of the initiative will not do.

If you intend to take the matter seriously, you should first bear in mind that the second-piece of intellectual luggage that the Frenchman brings to the table, after his keen critical faculty, is a highly-tuned awareness of value *for money. This bred-in-the-bone* French quality functions at all times and in all places.

Both these faculties, then, will work in favour of those teeming Chinese joints in Soho which offer long, weirdly-succulent meals at modest prices. Some of your English friends might turn up their noses at the swarming crowds, the stained table-cloths, the great, chipped, brown teapots, the uncomprehending and incomprehensible waiters. But a Frenchman will not allow a few stains on the table-cloth to come between him and good food at the right price.

There are now, of course, Chinese restaurants in Paris and other large French towns, but to get the best value out of a Chinese restaurant you must find one with a substantial Chinese clientele or you will pay more than you need. The Chinese restaurants in France, like the Indian ones, are not really cheap. That is the role of the Vietnamese in French life.

So, assuming that you are happy to enter such places yourself, take your visiting Frenchman to a low-priced Chinese or, if you have nerves of steel, an Indian. I specify nerves of steel because, as I have had occasion to *remark before, the extraordinary* rapport that has grown between British palates and Indian food is not shared by the French. They find curry amazing but don't actually like it all that much.

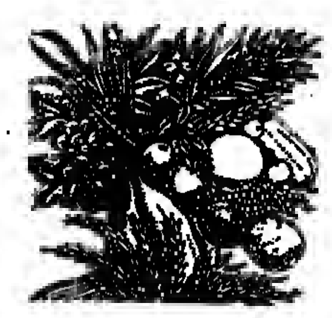
Although I cannot claim to have done enough to be an expert, I do know a few worthies in the international business community who have had a lot to do with entertaining the French in Britain. The knockdown answer, I am assured, is carveries. The French have always been a bit envious of our addiction to meat cut from large joints. A big joint *is* seen very rarely in France and the sight of one – never mind what type of meat – big and steaming and available, with the sharp knife ready to hand, is a temptation which the Gallic soul cannot resist.

Never mind the piffling starters, the abused vegetables, just let *monsieur* loose on the joint itself. He might not admire your discrimination or your style, but he will be as happy as a little boy let loose in a sweetshop.

Anyone who has had a French *au pair* will have come across the strange penchant that young France has for custard. The custard you get in France is called *creme anglaise* and is made carefully and properly with eggs and stuff and is very sweet. There is something about the ubiquity, *cheapness and lack of fuss* characterising custard in Britain which has had a powerful effect on generations of French youth. But you cannot rely on it to work the trick with their parents also.

If you are the kind of person who has custard at every meal, please carry on. You will have gathered that I am not. And if your French guest has grown up and takes these matters seriously, then you will not so lightly toy with his sensibilities.

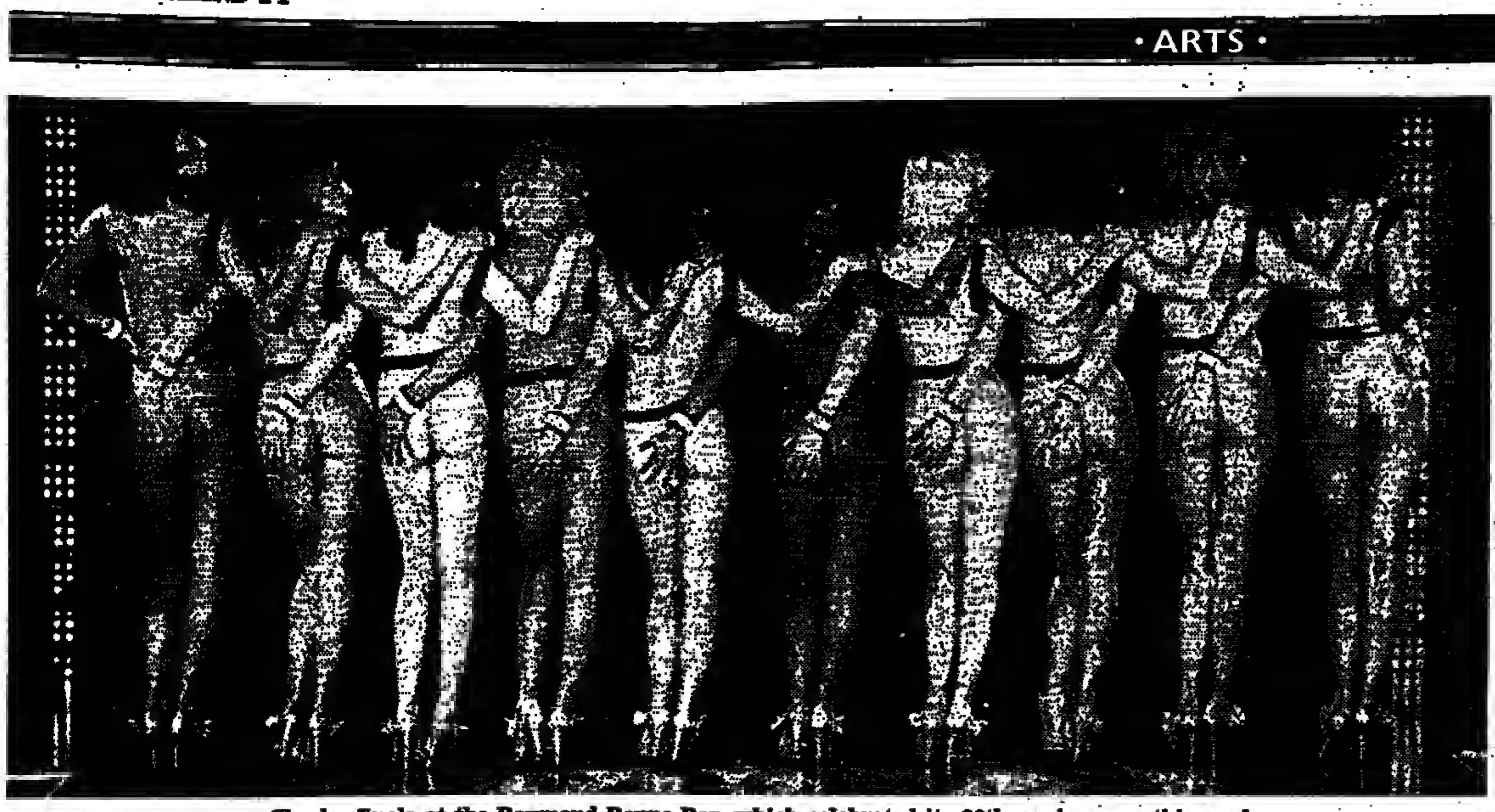
Should you be disposed to entertain M. Bonhomme at home, I recommend you to give him smoked salmon, which is always utterly second-rate in France – tough, reddish and too salty. Follow this with some lamb, which is nice in France but so expensive that it is served in tiny pieces as if it were woodcock or something.



Food for Thought

I suppose you ought to give him English wine, but you risk a put-down similar to one I received from a French guest not long ago. I gave him some nice English wine and, after the usual sniffing and sipping, he pronounced: "Yes, not bad at all; rather like the Belgian."

Peter Fort



Cheeky finale at the Raymond Revue Bar, which celebrated its 30th anniversary this week

Michael Coveney samples the delights of the flesh

Strip and tease

THE RAYMOND Revue Bar in the West End of London celebrated its 30th anniversary this week and a girl popped out of a synthetic birthday cake singing Gypsy Rose Lee's "Let Me Entertain You."

Correction, nobody sings on the tiny stage of Mr Raymond's strip-joint for tourists and tired Japanese businessmen in ever-sleazier Soho. The knickerless girls all pout and snigger to the deafening blare of a crudely assembled soundtrack that must be the work of a lobotomised maniac.

It is difficult for a male critic to write of (or write off) this kind of crassly uninteresting soft pornography without sounding like a prude or a pervert. We must all agree that the purpose of Mr Raymond's "Festival of Erotica," apart from making money, is to arouse and titillate. Wednesday night's invited audience looked dull and morose at the end, and by then they had had plenty of ends to look at.

Each of the twelve girls, and let us here enter the dodgy area of aesthetics in eroticism, has a trim pert bottom, a slim figure and, apart from the bright-eyed blonde who awoke within me a long-forgotten adolescent passion for Hayley Mills, a pronounced talent to defuse. They assemble in peaked caps and fetishist corsets, slithering over bentwood chairs in sly imitation of Bob Fosse's *Cabaret* choreography.

We then have an unrelated succession of striptease acts, each unveiled within a silvery box of ruched curtains, all performed by blank-eyed, eagerly thigh-spreading girls with carefully manicured pubic hair. These fantasy situations sometimes entail poses of coy lesbiansim, but they mostly imply female heterosexual gratification with hardware substitutes: a long feather boa and a velveteen banquette in a hotel lift; a wildly rotating anti-aircraft gun that lights up as "Dynasty Sunset" wraps her legs round its tumescent barrel and sheds her tattered jungle fatigues; a scaly python with an impertinent dangling tongue which caresses the elastically demonstrative "Princess Cobra."

Pornography between hard or soft covers is easily manufactured, and is less erotic the more it aspires to the condition of art. This is not true on the stage. The best strippers, Gypsy Rose Lee among them, were renowned for what Kenneth Tynan once called "the guileful, unhurried carnality" of their acts. Mr Raymond's automatic ecdysiasts move around quite well, but always at the same feverish pace. There is no skill or relish in their charades which is why, for all their fleeting prettiness, they remain individually unappealing.

Collectively, they amount to a pygophiliac's dream, especially in the finale of interlocked arms, rotating chorus line, high heels and uniformly ripe little rumps, an eloquent tribute to what James Joyce called "that living altar where the back changes name."

Tynan himself at least tried to enliven the sex show genre with smutty literary interventions and a desperately "liberated" lightheartedness in *Oh, Calcutta*. Mr Raymond is still stuck in the old-fashioned French cabaret format currently better executed (with a harsher element of sado-masochism) at the Crazy Horse in Paris.

Paul Raymond made his first bucks as a purveyor of tatty touring nude shows rather like, I imagine, the one I caught in Glasgow last weekend before immersing myself in Peter Brook's triumphant *Mahabharata*. *Page Three Girls* by Mike Goddard played one week at the Glasgow Pavilion, had this week's performances cancelled for lack of interest, and opens on Monday at the Liverpool Empire.

Three glamour models are embroiled in a photographer's studio and a token plot fatuously plagiarised from Pinero's *Dandy Dick*, which is not about asses but horses. The focus of attention moves up-torso to chest level. A bet is struck between the photographer (Alex Flashman, a male stripper) and a vulgar-tongued newspaper racing tipster (Ken Platt) as to how long it will take the girls to disencumber their bosoms before a tweedy lady aristocrat spoils the party.

Virginia Slade and Debbie Linden cheerily remove their tank tops at the first flash of a camera, but the spectacularly endowed Natalie Banus holds out for a scene or two. Thereafter the tension sags, along with the endowment. There is no reason why this should not have been a much funnier play than it is, but the script is facile and graceless, the abiding aroma one of cheap trash, devoid even of a laudably honest vulgarity. They might at least have called the thing "Thanks for the Mammary."

A hopeful rebirth

On the eve of its first tour, the new D'Oyly Carte company knows it will have to fight hard for success. Arthur Jacobs reports

ECHOING THE sounds of the original preparation just one hundred years ago, the words and music of *The Yeomen of the Guard* filled a London rehearsal room earlier this week as members of the re-born D'Oyly Carte Opera company prepared to begin a spring and summer tour.

But the new D'Oyly Carte management knows that the venture will have to fight hard for success. New competition, new enterprise, and new audience response – particularly to Jonathan Miller's enormously successful production of *The Mikado* for the English National Opera – have changed the climate since 1982, when D'Oyly Carte's failing finances compelled its cessation of activities. The resumption has been made possible by a £1.4 million bequest from the late Dame Bridget D'Oyly Carte, plus an undisclosed sum in major sponsorship from British Midland Airways.

The new company is not like the old, a virtually self-contained ensemble of singers over whom such a conductor as Isidore Godfrey could preside for nearly 40 years. Recruitment for principals and the 32-strong chorus was carried out, leading to the appearance of the well-known Verdi baritone Terence Sharpe as Shadbolt in *The Yeomen* and as Mountararat in *Iolanthe* (which shares the opening tour). Gillian Knight, recently in Covent Garden's *The Queen of Spades*, did appear with the old D'Oyly Carte company, but boasts that she had to face an audition like everyone else.

In hiring such an ambitious young conductor as Bramwell Tovey, currently musical director of Sadler's Wells Royal Ballet and due to take up an orchestral appointment in Winnipeg, D'Oyly Carte have evidently – and wisely – preferred the qualities of present dynamism to the likelihood of a long stay. Tovey has frankly spoken of the "bad musical habits" of the previous regime and promises scrupulous observance of the composer's scores. The new *Yeomen*, incidentally, will include the first-act solo for Sergeant Meryll which was given at the 1888 opening but cut shortly afterwards.

Regular British opera companies, who have freely raided the Gilbert and Sullivan store since the copyright lapsed in 1961, have not always set good models for musical performance. Scottish Opera's *Iolanthe*, titivating the score with xylophone and other extra percussion, was the worst offender. Notably, the new D'Oyly Carte is using "real" opera singers throughout, without such imported comics as Eric Idle (Ko-Ko in the ENO *Mikado*) and Nickolas Grace (Sir Joseph in the New Sadler's Wells *HMS Pinafore*). In the view of Christopher Renshaw – who directed that *Pinafore* and is now directing *The Yeomen* – the more homogeneous casting permits a greater faithfulness to the work itself.

Opening in Sunderland on Thursday next, 28 April, and moving on to nine other out-of-London theatres with the hope of a London season to follow, the company can be sure of tapping deep roots of public response. Mere nostalgia is insufficient to explain the continuing hold which Gilbert-and-Sullivan as an entity exerts on the national consciousness; the commercial viability of the operettas themselves is demonstrated by their entry into the That's Entertainment catalogue and by the video productions on sale and shown on the BBC. Familiarity has its uses. Indeed the success of the Jonathan Miller *Mikado*, taking place in a 20th-century hotel foyer and with only the most oblique indication of things Japanese, can have been possible only because audiences are presumed still to know what the "real" *Mikado* is like.

For serious devotees, not only a Gilbert and Sullivan Society beckons but a recently founded W. S.Gilbert Society with its own scholarly journal, as well as the Sir Arthur Sullivan Society which has actively fostered the current revival of Sullivan's "serious" music. After Sir Charles Mackerras's conducting of *The Golden Legend* at Leeds, the even less familiar cantata *On Shore and Sea* and Sullivan's *Macbeth* overture were recently conducted by Richard Hickox in Nottingham. There has been Julian Lloyd-Webber's recording of the cello concerto; a notably artistic American recording of Sullivan's solo songs; and a Sullivan research archive has been founded at the Royal Academy of Music.

The D'Oyly Carte's appeal to specifically musical values could hardly come at a better time, a fact not likely to be lost on the general manager of the new enterprise, Richard Condon. He is pleased to have already received the bids of three American commercial managements for a transatlantic season, such seasons having always been a mainstay of D'Oyly Carte finance and prestige. But at home, as soon as the present tour is under way, the immediate concern must surely be the future repertory.

The original Richard D'Oyly Carte did not reserve the label "Savoy Opera" only for G-and-S. Would a production of, say, an Offenbach operetta, or Johann Strauss's *Die Fledermaus*, serve today to dilute the appeal of D'Oyly Carte or to broaden it? The liveliest stimulatus of all would surely arise from a newly commissioned light opera, solid enough to stand up in Sullivan's company but popular enough to please a nationwide audience as well as London critics, such as Malcolm Williamson's *Our Man in Havana* (1963), recently revived by Morely College, which could be a model in its tunefulness, comedy and sharp topicality - a true G-and-S combination! The company needs to plan a regular and distinctive impact on the London scene, since it cannot look forward to the possession of any permanent London home.

Meanwhile, after the centenary of *The Yeomen of the Guard*, there will be the centenary of *The Gondoliers* (1889) to celebrate, and then a possible celebration of Sullivan's sole "grand opera," *Ivanhoe* (1891), which failed on stage when it opened. The work demands, but has not had, a judiciously edited and strongly cast London concert performance; the pre-1982 company could not have tackled it, but given the right vocal and orchestral reinforcement, the new (more "operatic") company could.

Antony Thorncroft goes to China with the Sadler's Wells Royal Ballet

Tour de force

HERE THEY come – the lame, the hungry, and the weary, like Napoleon's army crossing back over the Rhine. But unlike the Imperial Guard the survivors are clutching Teddy Bears, and they are returning from a triumph not a disaster. It is the Sadler's Wells Royal Ballet company arriving in Hong Kong this week after the China leg of its eight week Far Eastern tour.

The three weeks in China were always regarded as the testing time for the young dancers. Even the consolation of the cuddly toys acquired en masse during the Korean stretch failed to overcome all the obstacles. Not that there were problems on the artistic front. The company danced like the old touring troupers they are, and the audiences were enthusiastic, in their quaint old Chinese way.

That meant no bouquets, no tumultuous ovations, but intense concentration, and scatterings of applause, which in Shanghai at least built up to quite a triumph by the last of the four performances. It is hard to take in just how strange western classical dance is to the Chinese. The progress made was thrown away during the Cultural Revolution and only now is an audience developing. Even in sophisticated Shanghai, which got the triple bill of *Flowers of the Forest*, *Checkmate* and *Elite Syncopations*, there were doubts as to whether the market was advanced enough for *Elite*, with its Scott Joplin jazz score and dance hall motifs.

But while there was a constant chattering in the audience, an unsettling noisy expectorating, and a companionable bustle, there was also a childlike rapture usually missing at Covent Garden. The Triple Bill was exceptionally meaty. *Checkmate* in particular, now fifty years old but adding thirties style to its remorseless plot of evil Black Queen first destroying noble Red Knight before taking feeble Red King, should have appealed to the Chinese love of tales of chilvalric rivalry. It was received in awed silence. *Syncopations* in contrast was the great stunner, laughter chasing the dancers across the stage.

The Shanghai people lapped up the company, described to me by the hotel porter as the Queen's dancers. For the dancers the Shanghai dates were a catalogue of disasters overcome. The stage at the previous halt, Tianjin, was brand new: it was also concrete, only lightly covered with wood. The dancers, in particular the leaping male dancers, were retiring lame with the frequency of short odds favourites. Peter Wright, the director of SWRB, was shuffling his pack with well controlled frenzy. Jo Cipolla pulled up, then Petter Jacobsson, and with Roland Price hardly recovered from a leg strain Wright was losing principal male dancers fast. Thus Kevin O'Hare and Stephen Wicks had a chance; there was also a debut as a principal in *Elite* for Leanne Benjamin, the rising star of the company.

Tours offer such opportunities. They also offer challenges. Even such perpetual peregrinators as the SWRB failed to rise to the food challenge in China. It basically came down to money. The Chinese, short of hard currency, offered total hospitality in return for Covent Garden's care of its own national dancers in 1986. This meant that the cherished per diem paid to dancers for living expenses was not forthcoming, and worst of all, that the company had to eat communally three times a day. Dancers need their freedom; they also were slightly sniffy about the food. They tended to congregate at the coffee shop in the Sheraton Hotel spending their own money, or they starved.

Hence the lame and the hungry. The weariness came from the sheer size of Shanghai. The hotel was in, say, Tooting; the theatre in Bloomsbury. Once the dancers left around 10.30 in the morning for classes and rehearsals there was no returning for a lie down until twelve hours later, after the performance. Dancers are *magnificent moaners* – until they arrive on stage. Purists might have found the corp de ballet slightly slack in *Checkmate*, and a lack of vivacity in *Flowers*, but the consistency and the commitment of the company was remarkable.

The happiest man in Shanghai after the first night was undoubtedly Neil Maidment, who looks after Glaxo in Hong Kong and China. He had paid the £60,000 sponsorship which enabled SWRB to go to China. It was a bagatelle compared with the potential in future sales that Glaxo anticipates. At the banquet before the performance the "mayor" of Shanghai had been a guest, along with other top brass. Doors had opened; hands were shaken; cards exchanged. Glaxo was seen to have friends at the top and the fact would not go unnoticed down the line. Marketing deals should go that much smoother. In Korea the President himself had turned up for a performance.

Morale is very high in the SWRB, and tours like the current one build on the tradition. It is too long, but the camaraderie of touring, and a certain anarchy of approach which it fosters, makes the SWRB that bit more lively and liberated than its sister company, the Royal Ballet.

SWRB is cautious about Birmingham Council's approach to tempt it to that city; it likes its traditional link with Covent Garden. It enjoys touring. It has just about succeeded in establishing its own identity. The Sadler's Wells Loyal Ballet, as the notice had it in Shanghai, now has the confidence to go its own way.

CHESS No. 719

1 B-B5! wins a piece after BxB; 2 NxN, or N-Q6; 2 BxN, BxB; 3 RxB, or NxN; 2 BxB ch. A strange lapse.

Art Galleries

Records

Different ways with opera

TWO OPERAS that inspire special affection appear in rather sumptuous new Decca albums (each with three CDs, full texts, translations and notes; also on LPs and cassettes), with famous voices as bait. Thereafter comparisons fail. It was high time that Kiri te Kanawa committed her admired Arabella in Strauss's opera to record, and her colleagues – none of them household names – supply keen dramatic support, whereas the starry cast assembled for Mozart's *Idomeneo* seem barely on nodding terms with each other, or indeed with Mozart – and nodding is what their conductor chiefly does.

It was Lisa Della Casa who fixed *Arabella* in the international repertoire; for many Straussians her various recordings brook no competition, and Dame Kiri (417 623-2) doesn't attempt to trump her most haunting phrases. Less bewitchingly volatile, Dame Kiri radiates her own affecting sobriety, her soprano curls happily around Strauss's lines, and finally she compels belief in her simpler, shyer heroine. Fritz Grundheber does as much for Mandryka, her country-aristocrat swain: in sentimental vein, he sings with a vocal equivalent of downcast eyes and his timbre loses colour, but his spirited reactions to crises rescue the character with credit.

Conducting the Covent Garden orchestra, Jeffrey Tate declines Great Moments – neither of the great duets is stretched out in the old rapturous way – in favour of close, continuous dramatic attention: of great benefit to the last act (played without cuts), and thereby to the total effect of the piece. Hofmannsthal's third act was only a first draft when he died suddenly; it really wanted further work, and Strauss's loyal setting of the text as it stood needs creative sympathy like Tate's. Many passages in the score are realised with exquisite finesse, and where appropriate with brilliant verve, if rarely with a smile.

Gabriele Fontana's Zdenka, the little sister sentenced to boy's clothes by her parents' whimsical thrift, has I think been unfairly reported. Yes, she sounds disconcertingly mature at moments early on – but that answers better to her enforced masquerade, crucial to the plot, than a sweet, melting soprano of the usual ilk, and her nervy vulnerability is apt. For once her baffled Matteo is a decently virile tenor, Peter Seiffert; the self-satisfied Elemer is expertly sketched by Alexandru Ionitza. Ernst Gutstein and Helga Dernesch make vivid characters of the loopy parents, and Gwendolyn Bradley does wonders with the Fiakermilli's sleazy coloratura roulades.

Miss Fontana turns up again as a supporting Cretan in *Idomeneo* (411 805-2, recorded five years ago), but the lead voices are the intended selling points: Pavarotti, Agnes Baltsa, Lucia Popp, Edita Gruberova. By recent standards of Mozart interpretation, this is all in all a bloodless, homogenised affair, despite some elegant numbers that would sound effective on their own. The Vienna Philharmonic is unremittingly suave for John Pritchard, to the point where "suave" approaches "limp," and the Vienna Opera chorus sounds fat and comfortable.

Only a few of Pritchard's tempi are culpably slow, but no larger dramatic trajectory is ever fixed, and from the deadly "O voto tremendo" chorus in mid-Act 3 the opera expires beyond resuscitation. There are incidental pleasures, certainly. Pavarotti's attack on the central role is heartfelt, if actually too youthful in ring to make much of Idomeneo's later self-discovery. Baltsa's Idamante is smoothly sung in a detached stance and toothless consonants, as if she were pursuing some disinterested antiquarian exercise, and Gruberova's fluent Electra carries no psychological electricity.

In short there's no vital interplay, no sign whatever of collective preparation, even by easy-going Viennese standards. Karl Böhm could usually manage something in those cosy period-terms, but not Pritchard; besides, the frequently shaky orchestral rapport with Pavarotti, both solo and in ensembles, raises a suspicion that re-takes with the celebrity presented a forbiddingly expensive prospect.

Under the circumstances one isn't duly grateful for the uncommonly full version of the score on offer – many a severely trimmed performance sounds more committed than this blandly inclusive one. Lucia Popp excels nonetheless as Princess Ilia, with sensitive dignity and an expressive range that deserved quicker responses from her partners. There is a sonorous Oracle from Nikita Storojev, and I find the audible effort that the priest Arbace's uncut music costs Leo Nucci rather moving on its own account.

On Erato ECD 75318, Armin Jordan's cool, unpretentious account of Ravel's sexy one-acter *L'Heure espagnole* hits the mark notably closer – closer than, for example, Simon Rattle's languishing account of this neatly-sprung score at Glyndebourne last summer. When young Ravel played it to Franc-Nohain, the author of the original farce in comic alexandrines, Franc-Nohain was concerned only with how long it took: they both knew that the joke needed swift dispatch. With Jordan it gets it, with pretty textures and deadpan wit, and there's still room to detect the peculiar surplus tenderness of Ravel's music.

As the housewife-seductress Concepion Elisabeth Laurence is appealing, if short of the ideal sting, and Tibère Raffalli and François Loup offer model cartoons of her vain suitors, a vaporous poet and an overripe dignitary, as does the veteran Michel Sénéchal of the desiccated cuckold. Gino Quilico lends glamour to the innocent but lucky muleteer. The disc is filled up by Ravel's late *Don Quichotte* songs, as delivered earnestly by Philippe Huttenlocher in 1977, and stiffly conducted by Jordan; by his 1965 *L'Heure espagnole* he had taken the pulse of Ravel's mock-Spanishry far more accurately.

David Murray

Radio

After the blast

SOMETIMES I wonder if the BBC regards the World Service as a true part of its empire at all. We are not given its frequencies in the Radio Times's table on the "Info" page; and though a page of data is included if there is room, it does not appear in provincial editions, where local stations are given the space.

Well, the World Service tonight, at seven o'clock GMT, on 648kHz medium wave, broadcasts Vladimir Gubaryov's play *Sarcophagus*, about the Chernobyl disaster. Gubaryov was the first journalist to visit Chernobyl after the explosion, and his play (which has been done by the RSC) is a dramatised documentary, slanted so that it marks more starkly the effect of a nuclear cataclysm on those involved.

Set in the station clinic, we begin with accounts from the worker casualties of what they have seen – the heroism, the misinformation, the scientific enquiry, the out-of-date kit, the slack organisation. The clinic staff are mostly women, the victims all men, and Gubaryov does not disdain to introduce a love affair and a young hero, veteran of Afghanistan. In the second act we are at the official investigation, a somewhat ill-conducted affair that would hardly have satisfied an English coroner.

Who ordered the fail-safe to be switched off is never revealed, but there is no doubt about who was responsible for the general inefficiency – the Director. Bessmertny (David Timpson), a comic philosopher who has been a patient in the clinic for 487 days, volunteers to give up his newly-healed bone-marrow to him, and so ensure that he may live on as an object of contempt to those who have suffered from his idleness.

It is no great play, but it is the nearest we shall probably come to a first-hand account of the Chernobyl explosion, and well worth hearing (as we may do again a week from today). The translation is by Michael Glennie and the direction by Walter Acosta.

More internationalism on Radio 4, who sent a director to Los Angeles for the UK/LA Festival in February, and came back with two plays performed by the LA Classic Theatre Works, an association of film and television actors nostalgic for the theatre, co-produced by Gerry Jones and Martin Jenkins.

The first was Eric Bentley's documentary against the Un-American Activities Committee, *Are You Now or Have You Ever Been*. The narration was wisely entrusted to the English voice of Michael York (the best Hamlet since Gielgud, if you ask me), and of the all-star cast the most memorable of a fine bunch was James Earl Jones as Paul Robeson. Excellent direction by Martin Jenkins.

Three more serials begin this week that I must leave until later for a full report. The first is a six-part series on Zimbabwe by Michael Charlton, *The Last Colony in Africa*, (Radio 3, Wednesday). The first programme moves from UDI, Ian Smith's gamble ("out of reach of the Royal Navy and the Indian Army"), to the halfway house of Bishop Muzorewa's government. "I did more in six months than Mugabe in 12 or 18 months," the Bishop told Mr Charlton. "Lord Carrington mistook diplomacy for foreign policy," was Sir Julian Amery's judgment. Mr Charlton speaks with all the principals, from Carrington to Mugabe, in a programme of outstanding interest.

Benny Green on the 100th birthday of Irving Berlin (*Say It with Music*, Radio 2, Tuesday) is no mere centenary celebration, for Irving Berlin, once Israel Balein, is a hundred years old on May 11, God bless him. *The Best of Times - The Worst of Times*, a seven-part life of Charles Dickens, and this too will have to wait its turn.

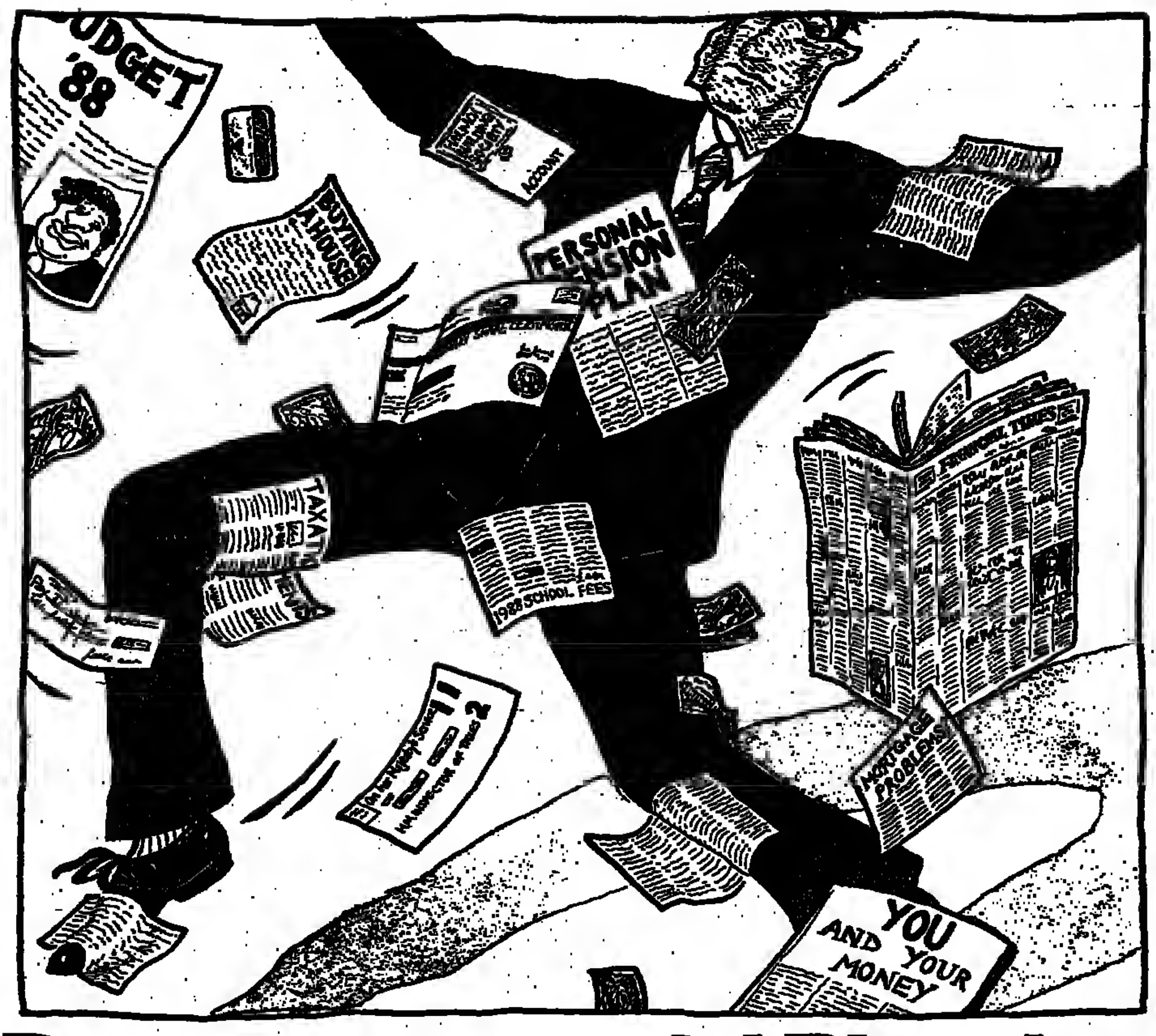
Last year I was enthusiastic about Steve Race's account of his missionary grandfather in China. It is now a book, The Two Worlds of Joseph Race (Souvenir Press, L12.50, 190 pages).

B.A. Young

FINANCIAL TIMES
SURVEY

Several trends are coinciding, writes John Edwards. Although investors' confidence has not yet recovered fully from the stock market crash, the Budget's tax cuts should release more money as potential savings, while new legislation will offer improved consumer protection.

Saving in a new climate



Personal Financial Planning

PERSONAL FINANCIAL planning is being transformed by a series of important changes that are occurring simultaneously.

The government-inspired pensions "revolution" has already started, and very shortly a new era of investor protection will be introduced with the implementation of the 1986 Financial Services Act. At the same time, last October's crash in world stock markets and the tax changes announced in this year's "radical" Budget are strongly influencing the attitude of savers and investors.

The most traumatic event of the past year was the sudden collapse of the stock markets. It appeared to mark the end of a 13-year bull run, and made savers take a whole new look at the wisdom of investing in equities. Until then, the best way to increase your personal wealth had appeared to be simply to put your money in the stock market and wait for it to grow.

The apparent ease of making money this way, encouraged by the Government's "give-away" privatisation issues and company share option schemes, had fostered a new attitude to investment in the stock market as the number of shareowners multiplied. The crash, by wiping some 30 per cent off the value of holdings almost overnight, was a salutary reminder of the risk.

The markets may have recovered to some extent, but confidence has been severely shaken. Cautious investors, who had been tempted out of safe havens in building societies or fixed-interest securities, took heed of the warning and are unlikely to be tempted again for some time. The flow of money back into building societies since October, in spite of falling interest rates reducing returns, is evidence of this. So is the continued reluctance of private investors to buy unit trusts.

Other lessons were learned, too. For example, the traditional practice of reducing risk by having a geographical spread of investments worldwide was blown apart by the fact that virtually all the markets collapsed simultaneously, seeming to chase each other down. A spread in different sectors was not much safer either, with the value of blue-chip groups often falling as fast as smaller companies.

It can be argued that the collapse was only a temporary correction in overheated markets, and that over the longer term equities will still provide the best investment return. But for the moment this is a difficult message to communicate to shell-shocked investors.

At the same time, the Budget changes in taxation, particularly the equalisation of capital gains and income tax rates, will radically change investment strategies. Until now, the emphasis for higher rate taxpayers has been on converting income into capital gains, thereby avoiding the much higher rates of income tax. But the lowering of the highest rate of income tax to 40 per cent, and the increase in the top rate of capital gains tax to the same level, necessitates a new look at investment objectives.

There is still the annual exemption from capital gains tax, now reduced from £6,600 to £5,000, which is a not inconsiderable benefit to many investors, especially as the tax is payable only on the sale of the asset. In addition, there is indexation relief on any purchases made since 1982. Many investors will be looking at existing holdings now that any gains made between 1965 (when capital gains tax was introduced) and 1982 have been made exempt. In future, investment strategies will no longer need to be based on tax savings, but more on the needs of the individual.

But there are also annual exemptions for income tax, such as personal allowances which were raised substantially this year. For an older married couple entitled to higher age relief, for example, the total personal allowance in 1988-89 is £5,205.

From April 1990, if the Budget proposals for reforming the taxation of married couples are implemented, the possibility of transferring investment income to a spouse, opens all kinds of possibilities. So does the option of transferring assets, according to the tax liabilities of individual spouses. Consideration must be given to putting new investments into separate names, to ensure that, after 1990, both partners take full advantage of their individual income tax and capital gains tax allowances.

The simplification of inheritance tax, with a single rate for estates valued at over £110,000, also means a new look at financial planning, particularly for wealthier individuals.

On the other hand, the Chancellor removed some of the tax shelters for the rich, notably the relief obtainable from investing in forestry, and by limiting the size of Business Expansion Schemes.

The move to increase the maximum amount that can be invested in a Personal Equity Plan from £2,400 to £3,000 was something of e disappointment. It did nothing to improve the basic structure of Peps, which have proved to be of limited attraction in spite of the tax–free concessions. Instead of widening share ownership, as intended, Peps have been taken up mainly by wealthier existing investors.

The scrapping of non-charitable covenants and the phasing out of relief on maintenance payments will also prompt many people to rethink their investment priorities. The provision of school fees and financial help for students, for example, will be considerably changed by the abolition of covenants.

The Chancellor's decision to disallow, from August 1, separate reliefs on joint mortgages, and to base them on properties instead of individuals, is already affecting the housing market, and in the longer term could have an even stronger impact on the allocation of resources by unmarried people living together. In fact, it still remains an advantage to be unmarried if you have two houses, because it is much easier to prove that each of them is your principal family residence if you are not a married couple.

As it happens, even before the Budget changes in capital gains tax, the stock markets crash had encouraged investors to switch towards income-earning assets, instead of capital growth stocks, as a defensive measure. Unit trust groups have tried hard to stimulate sluggish business by promoting savings schemes to take advantage of "pound cost averaging" (acquiring more units when values are low and fewer when prices are high).

They have also moved into portfolio management, or "umbrella" funds, which give a wider choice, while at the same time benefiting from the capital gains tax exemption enjoyed by unit trusts. But so far there has been little inclination by the public to pour money into unit trusts or the equity market, in the same way as before October.

There is, however, considerable interest in mortgages. Property is seen as a safe haven, having survived the crash apparently unscathed; and it has been given a further boost by the Budget and the subsequent reduction in interest rates.

Pensions, too, have moved to the fore, with everyone having to take a fresh look at their situation following the legislation to provide greater freedom and positive incentives to move from the State scheme towards personal pensions. Pensions are the main tax "shelter" left, and are likely to play an increasingly important part in overall financial planning, with the greater flexibility available from July 1.

With increased freedom of choice among investment and savings products generally, consumers should welcome the implementation of the Financial Services Act, which is supposed to provide more protection against "sharks" and to clarify the rates of commission and other influences at work when collective investment products are offered.

Unfortunately, the elaborate structure built up to protect innocents or greedy investors against being misled or swindled is likely to result in many restrictions and increased costs, which will then be borne by the consumer. Under the polarisation rules, for example, the advice given by your friendly bank manager will be strictly limited in many cases, and many brokers will be tied into selling a restricted range of products.

The big life insurance companies, without their own sales forces, have combined to spend some £7m on promoting the role of independent financial advisers, primarily to maintain outlets for their products.

National Westminster and the Scottish clearing banks have all decided to follow the "independent" route. So have many of the building societies, who are now offering a much greater range of services.

But the massive expense of complying with the complex regulations may force many smaller brokers out of business, as well as imposing heavy extra charges. However, competition between banks, building societies, stockbrokers, investment houses, accountants and solicitors, to provide personal financial planning services and associated products, should help to keep costs down for consumers. Whether they will receive "best advice", as specified by the Securities and Investments Board, is another matter.

Although it is argued that legislation cannot stop a fool and his money being parted, in the longer term the Financial Services Act should provide better regulation and improved consumer protection. At least the obvious crooks and rascals will be deterred.

In the meantime, the generous tax cuts in the Budget should release a lot more money to fuel the growth in financial services. In spite of uncertainties about the stock market, investors will have larger sums to save, which will have to go somewhere. The choice is widening all the time.

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□ *Illustration: Mandy Li*

Barry Riley examines investor protection and the role of advisers

Know your customer

IT WILL be not so much A-Day as a-day. Next Friday's implementation of key elements of the Financial Services Act 1986 will not be quite the watershed that was originally hoped for. After several postponements, the Government has decided to go ahead as best it can, but a number of key investor protection measures will still not be properly in place.

Take the basic requirement that people carrying on investment business must be authorised, otherwise they are liable to be charged with a criminal offence. In practice, thousands of firms will have only provisional authorisation which means that their credentials will not yet have been properly inspected. That will take a few months more.

Nor will there be a compensation scheme in place for investors (apart from the one set up many years ago for Stock Exchange member firms). A wide-ranging scheme is planned to protect investors against the risk that their advisers will go bust, but it will not take effect until August at the earliest. In any case, it will only be designed to provide cover on smallish sums up to a little less than £50,000.

Another provision of the new legislation is that agreements between investment firms and their customers must be clearly set out in the elaborate legal form of customer agreement letters.

Again, this protection will hardly exist to start with, as firms have some months to complete the process of signing their agreements with existing customers.

So the new investor protection regime will dribble in over an extended period. All the same, there will be some important developments to start with. Perhaps the most crucial will be the introduction of certain business principles, such as the best-advice rules including the "know your customer" requirement.

According to these rules, investment advisers must make reasonable attempts to discover the financial situation and personal requirements of a customer, and must only sell him or her products and services which are suitable.

An independent adviser must select the best product available on the whole market, and be prepared to produce evidence later on to show why he recommended a particular product at a particular time. A rather different set of rules applies to company representatives, who are allowed to sell their own house products even if they are inferior to those of other companies. But they are still required to take account of the needs of their customers and must *not* sell them *unsuitable* plans.

Two separate regulatory categories have been created to protect investors against their advisers' conflicts of interest. In the past, intermediaries have often had special relationships with several insurance companies and have received extra commissions and other perks from them. This compromised their ability to give unbiased advice.

The differences between independent advisers and company representatives have been formalised in the so-called "polarisation" rules. All investment businesses, from the smallest adviser above the barber's shop to the biggest clearing banks, have been forced to decide between acting independently and tieing to the products of a particular company (sometimes a fellow group subsidiary).

It works through the best-advice rules that apply to the big groups, which up to now have often sold their own products as well as those of other originators. Barclays, for instance, has been able to sell Barclays Unicorn unit trusts alongside those of, say, Save & Prosper.

From A-Day, however, such an organisation may only sell its own product if it can show that it is better for the client than any alternative investment. Since it will almost always be impossible to prove any such thing, the banks and building societies have been caught in the polarisation rules which ware originally designed for small firms of intermediaries.

Barclays, Lloyds, Midland and TSB have adopted tied status, so their customers will only be able to buy in-house investment products, such as endowment insurance contracts or unit trusts, through the branches of those banks. National Westminster, however, has opted to be independent. It has disposed of its own group of County unit trusts, and will be able to recommend any brand it chooses.

With the big building societies, it is the other way around. Nine of the biggest 10 have opted for independent status. But the exception is an important one – Abbey National, the second largest society – which has tied to the leading life company Friends Provident and will sell only that company's life policies and personal pension plans (other than deposit-based plans).

Meanwhile, among the smaller societies it is a different story again. Most have taken the tied route, so if you obtain an endowment mortgage from a local society you cannot expect to get a choice of insurance company.

Continued on page XX

Banks and building societies have invaded each other's heartlands

Buyers have the whip hand

WALK INTO many branches of banks and building societies and you will see that a revolution is taking place. The days when branches consisted mainly of counters, across which clerks and customers communicated through plate-glass screens, are slowly coming to an end.

The major banks and building societies are switching to open-plan offices, where staff can meet and discuss customer's problems in depth. Most of the major clearers have also set up programmes to retrain staff to handle customer relations more effectively.

The open-plan offices are a sign of the increased competition to offer personal financial services, as well as the more traditional products of banks and building societies.

The result should be that customers who shop around will enjoy an easier and wider choice of financial-service products such as unit trusts, insurance, life insurance, mortgages, personal loans, share dealing, and of course deposit accounts.

They should also find that they have the whip hand in what have become buyers' markets. Those who prefer to leave matters such as mortgages and insurance in hands they are used to should be satisfied, too, with cross-selling of products by a single broker increasingly the norm.

There are three major changes:

■ First, banks and building societies have made major inroads into each other's traditional preserves. This has led to a steady refinement in what they offer customers, even on long established products such as savings deposits and mortgages.

■ Second, both banks and societies now offer a wide range of non-traditional products, including life assurance, unit trusts and share dealing schemes.

■ Third, technology is changing fast, making possible ever more sophisticated payment and transmission systems, and the likely rise of home banking over the next decade.

Take deposits first. The launch last March of the Abbey National's current account, which pays 4 per cent interest and offers £100 cheque guarantee cards to some customers, could force the big clearing banks to follow suit.

Midland Bank introduced its Vector account, which costs £120 a year but pays interest, last summer. Five years ago, Midland led the way in introducing "free if in credit" banking among the big four. However, none of the four has yet offered an account comparable with the Abbey National or Nationwide Anglia cheque-book accounts.

The largest building society, the Halifax, has not opted for the cheque-book route. It believes that electronic funds transmission will replace paper-based transmission before many years have passed.

Low interest earning deposit accounts have now been generally replaced by higher rate accounts. Building societies offer a much wider range of deposit products, usually linked to withdrawal-notice requirements and minimum investment levels. Someone prepared to shop around will find that smaller building societies offer the highest rates.

Hoping to tap the savings flow, both moved into unit trusts and share-dealing

However, savers may find that the fall in the banks' base rate to 8 per cent will mean that deposit rates generally will fall. Mortgage rates are already coming down.

The mortgage market, a dull preserve of the building societies a decade ago, is now one of the main battlegrounds. In the last three years, the banks have taken a market share of about 25 per cent from the societies.

With increased competition, new mortgage products are beginning to appear. NatWest and Lloyds have offered experimental tranches of fixed-rate mortgages, which have been snapped up eagerly by the markets; while building societies are toying with the idea of cheaper mortgages for larger borrowers.

House purchases go hand in hand with life assurance and other insurance business. Most major building societies, other than Abbey National, have opted to become independent advisers under the 1986 Financial Services Act.

Most of the banks, though not all, have chosen to remain tied agents, selling specific branded products only. The exceptions are NatWest, the Royal Bank of Scotland, the Bank of Scotland and Clydesdale.

Until the stock market crash last October, savers' funds were flowing away from building society accounts and into unit trusts and share-dealing schemes. Hoping to tap this flow, banks and building societies have both moved into unit trust and share-dealing schemes.

Since the crash, most have languished, though in mid-April the Cheltenham & Gloucester bravely announced that it was extending to all its 175 branches a share-dealing scheme that allows its customers to trade shares in 600 top companies on the London stock exchange. Minimum charge per transaction is £18, and commission on deals between £2,000 and £10,000 is 1 per cent.

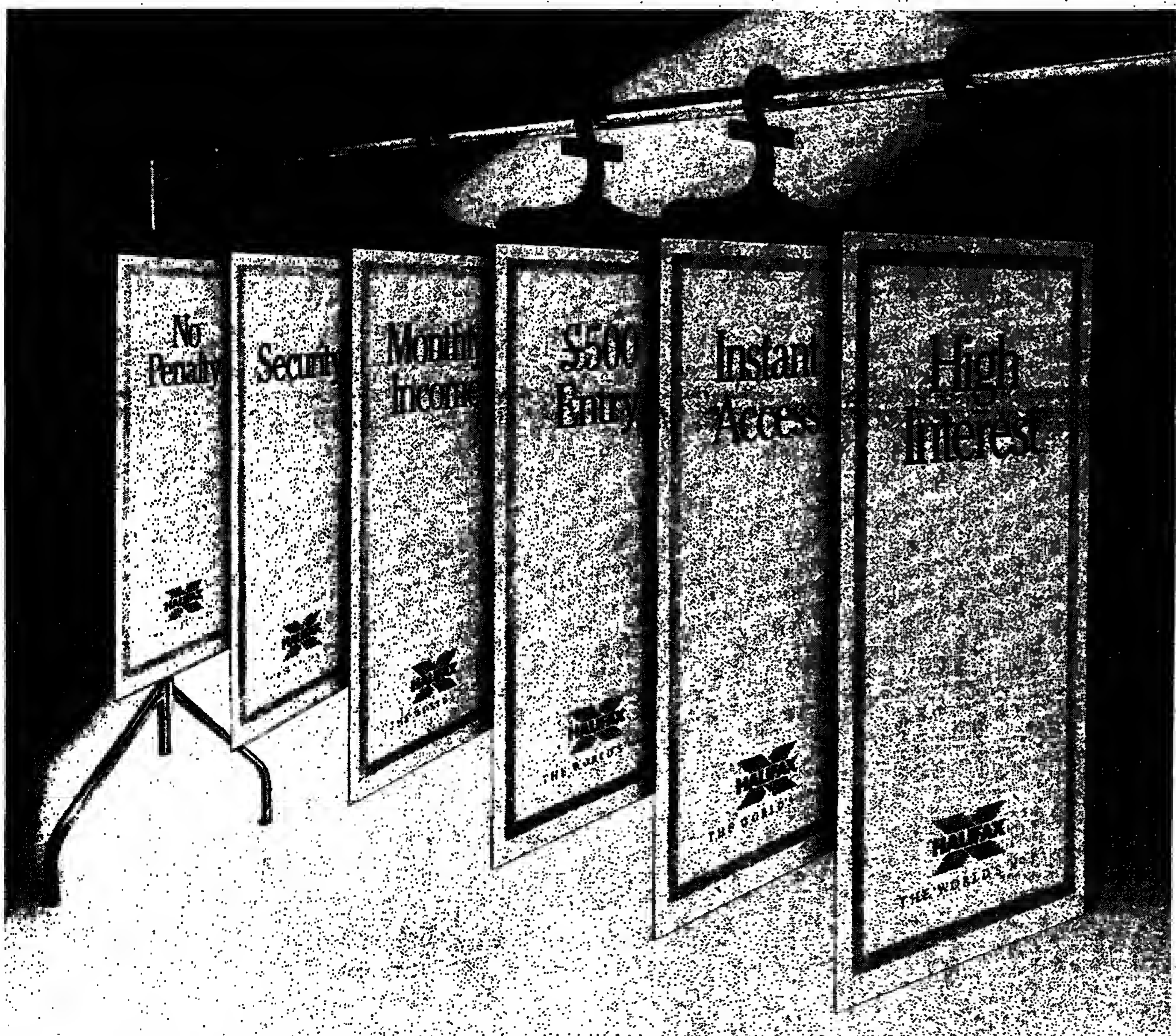
Lending to individual customers, however, is likely to remain a more lucrative area for both banks and societies. Both have now moved into the personal loans market, where margins are far higher than on mortgages or overdrafts.

The initial pioneers in the credit-card market, Barclaycard and the three banks that set up Access, have now been followed by other banks and the building societies. Abbey National and Halifax are expected to launch their own credit cards before the end of the year – likely to be Access and Visa respectively.

Societies have the edge over banks in the quality of their automated teller machines (ATMs) which, because of the societies' passbook system, have to be in real time – that is, they must show an up-to-the minute balance, rather than that at the close of the last day of business.

But home banking, whether by computer screen or telephone line, remains the preserve of the banks. Several, led by the Royal Bank of Scotland, but including the TSB, Barclays and Lloyds, are developing home banking systems, following the lead set by the Bank of Scotland.

David Barchard



The stock market

The UK looks safe

THIRTEEN YEARS of bull markets came to a sudden halt last October, throwing both professional and private investors into confusion.

The FTSE 100 index has fallen by almost 30 per cent from its high of 2,440, although there has been an uneasy recovery in share prices. Yet confidence remains low. Half a year after the crash, what should investors do?

The answer is: keep calm. As Alistair Ross Goobey, of stockbrokers James Capel, says: "It is clearly a better time to be investing than it was at the beginning of October. The trick of investing for everyone *is* to buy low and sell high. Last October a lot of people bought high. I can say with confidence that the market will go through its old highs again – I just can't say when."

In fact, private investors appear to have kept their heads more than some institutional investors in the immediate aftermath of the market crash. In the rush for liquidity, many institutions sold either on the way down or right at the bottom of the market, thus breaking one of the golden rules of investment. Sales of individual shares by small investors seem to have been low in comparison. This may simply reflect fewer selling opportunities than those enjoyed by the institutions.

There was, however, a surge in repurchases – sales of units by investors – among unit trusts. These rose from £3.4bn in 1986 to £8.2bn over 1987. At Allied Dunbar unit trusts, director Harry Littlefair says: "Repurchases for the first three months of 1988 are pretty much the same as last year, but levels of sales are much lower."

"I've been impressed with the loyalty of our unit-holders," says Mike Kershaw, of Royal Life. Only 1 per cent of the 135,000 new investors in the Royal Event, launched just a month before the crash, have since sold their units. "My distinct impression," he adds, "is that the man in the street would like to invest, but it is the intermediaries who are more shell-shocked."

The 1988 budget has again provided a potential boost to stockmarket investment by reducing tax rates further. But should the man in the street invest in the stock market? Fred Carr, deputy head of the Investment Management Division of Capel-Cure Myers, advises the medium to long term investor: "If you are an existing investor who has seen setbacks in the markets, don't panic. In general, the type of investor who tries to get in at the top and out at the bottom does worst. The first-time investors who felt happy to take losses on the chin might like to commit 50 per cent of their resources to the stock market."

Mr Carr recommends putting about 30 per cent of this into gilts and cash and the rest in equities, with a strong bias towards the UK. Like many market players, he is still cautious. Institutional liquidity is believed to be much higher than it has been for some time, at around 7-8 per cent.

Until there is more confidence, investors should adopt a defensive strategy, concentrating on domestic markets rather than plunging into the more speculative ones of the Pacific basin, and opting for income stocks with a good yield.

The UK market looks relatively safe for a number of reasons. The economic outlook is good, with inflation set to remain low at around 4 per cent this year. Reasonable economic growth is expected this year, and corporate profits are expected to rise by about 13 per cent in 1988 and 1989 in real terms. This is slightly lower than in previous years, but the UK is no longer recovering from recession.

Good profits growth will feed through into good dividend growth, which sheds a favourable light on equities. Dividends are expected to rise by 8 per cent in real terms in 1988.

Investors should also keep a proportion of their money in the gilt-edged market. UK gilts look good value at the moment, yielding around 8.75 per cent, compared with US Treasury bonds on 9 per cent. But the US bond market is likely to be unsettled for some time by worries about US deficit funding, whereas the UK looks more stable. On the whole, fund managers seem unenthusiastic about the US – which may be a contra-indication, since there is an oft-quoted theory of investment that, when everyone agrees on one thing, it must be wrong.

The trouble with the US is the jittery bond market which could unsettle the equity market. Fears of recession which were in vogue at the time of the crash have subsided, and US gross national product is expected to grow by around 3 per cent this year. But the risk is that economic expansion could put upward pressure on interest rates, which would harm both gilts and equities. Furthermore, the US dollar looks likely to remain under pressure for some time.

Unit trust sales (£m)

	1985	1986	1987
Industry sales	4,487.7	8,716.7	14,545.1
Repurchases	1,949.1	3,482.1	8,214.3
Net new investment	2,538.6	5,234.6	6,330.8

Source: The Unit Trust Association

One fund manager advises that exposure to the US for investors already committed should be limited to around 15 per cent of the total portfolio.

The Far East looks a little more encouraging. The Japanese market fell by less than the other markets, due to regulations that limit share sales once the market has fallen by a given percentage.

Of all the Far Eastern markets, Japan looks the safest and most liquid – even though price-earnings ratios there are high. The economic outlook is encouraging, and investors are at least tied into a strong currency.

To invest in Japan, an investment trust offering an attractive discount to net asset value, or one of the well established specialist Japanese unit trusts is the best vehicle, because it is almost impossible for the private investor to deal through a broker in individual stocks. The story is the same to a large extent in the US.

Increasingly, investors are finding this is also the case in the UK; as Mr Carr comments: "It is increasingly difficult for individuals to get value for money in individual shares, because of the increasing cost of stockbrokers."

He suggests that, for most people, unit trusts are an attractive option, particularly as investors are not liable for capital gains tax each year unless gains of more than £5,000 are realised in one year.

So life is unlikely to be quite so exciting or lucrative again for the private investor as in the rosy pre-crash days. The most sensible options are also the most dull: solid UK income stocks, rather than fly-by-night Oriental wonders. The message is: don't invest money you actually need.

And from the professionals, the story seems to be: leave it to us. As one of them said: "People investing on a professional basis find it hard enough." Well, he would, wouldn't he?

Heather Farmbrough

Know your customer

Continued from page XIX

A further complication with the big tied banks and with Abbey National is that they have found a partial way around the polarisation rules. They have established separate subsidiaries which act as independent intermediaries, and have names like Barclays Insurance Services and Abbey *National Financial* Services.

Such intermediaries – known as "conduits" in the trade – are there primarily so that the banks can continue to provide a service to their wealthier customers who need something more elaborate than the standard bread-and-butter line of products that will be sold to Mr and Mrs Average.

But there are some complicated restrictions. These intermediaries will be banished from the bank or building society branches, although bank managers will be able to give customers a telephone number for the conduit.

The danger with polarisation is that it will restrict the choice of the public. To begin with, plenty of independent intermediaries will remain, but there are fears that the tough regulations that apply to them may persuade many to throw in the towel and become tied.

Fourteen leading life assurance companies are sponsoring Camifa, a promotional body which is spending millions on advertising to persuade the public of the merits of independent advice.

Anybody with sophisticated needs should certainly seek out an independent adviser. At the basic level, however, the tied banks should be able to offer a reasonable deal, and there are some good companies that sell products through well-trained sales forces. The trouble is, the man in the street is not going to be able to distinguish the good from the bad, and the Financial Services Act does not help him: the best and the worst companies alike are supposed to project the same industry standard investment returns, and disclosure of costs and charges is poor to non-existent.

There is a particular danger here with some of the smaller building societies, and chains of estate agents, who may have succumbed to some of the juicy deals on offer from second-rank life companies. The extra large commissions being paid are bound to impact adversely on surrender values and eventual *maturity* benefits.

This creates an important role for the press, which is increasingly providing league tables for investment performance. These can be useful both for independent intermediaries seeking to provide best advice and for the ordinary investor double-checking on what the company salesman is telling him.

If something goes wrong, at least there will usually in future be a more carefully constructed complaints procedure, so that investors can seek redress. The top regulatory body, the Securities and Investments Board (SIB), will directly look after some of the big banks and building societies. Otherwise, most investment businesses will be regulated by one or more of the five self-regulatory organisations which have been recognised by the SIB.

The main ones are the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), for independent intermediaries; the Securities Association, for stockbrokers; and the Life and Unit Trust Regulatory Organisation (Lautro) for life and unit trust company salesmen.

A few advisers may be members of the Investment Managers Regulatory Association (Imro) and the Association of Futures Brokers and Dealers (AFBD).

These are not trade associations, but are designed to protect the public. Accordingly they have complaints procedures and tribunal arrangements in order to make sure that justice is done and that the Financial Services Act 1986 provides the extra degree of investor protection that was intended.

Mortgages

More than a home loan

CHOOSING A mortgage is not as simple as it was. There is a bewildering choice, and an increasing number of more-than-willing lenders are wooing customers with all kinds of deals and incentives.

Moreover mortgages are being viewed in a new light. They have become linked with other forms of personal financial planning, such as savings, pensions, and as a cheap source of borrowing. Consequently a lot more effort has to be put into selecting the right one. It is no longer a simple question of going to your local building society and gratefully accepting what is offered.

At one stage during the last quarter of 1987 the building societies' share of the mortgage market, in which they used to have a virtual monopoly, dropped below 50 per cent. They have recovered some market share, but remain under fierce competitive threat from the UK clearing banks, foreign banks, financial institutions (like life insurance companies) and a whole new breed of mortgage specialists.

Competition has brought innovations to shake up the whole mortgage market. It is estimated, for example, that last year over 80 per cent of home loans were linked with endowment policies of one sort or another. The straight repayment mortgage is out of fashion.

Cynics will say that this particular change is being caused by the desire of lenders, including building societies and banks, to earn commission on the endowment or pension products increasingly being linked with mortgages. This is obviously true. But the success in selling endowment and pension mortgages is based on lenders, and brokers, being able to provide evidence that they are better value for money than straight repayment home loans over the long-term, provided interest rates do not rise above 12 per cent again for a prolonged period.

Pension-linked mortgages are likely to receive a further boost from the changes this year, which will encourage the spread of personal and individual company pensions that can be tied to repayment of a home loan. The advantage of a pension mortgage is that you get tax relief on both the interest and capital repayments; the disadvantage is that it is somewhat inflexible, in that you are committed to a savings scheme where money is locked away until retirement age.

In fact, under present legislation, the lender cannot have any pension payment assigned to repay the mortgage. That is forbidden; unlike an endowment policy, where the mortgage lender can insist on first taking out the capital sum needed to repay the home loan.

But the willingness of lenders to accept pension mortgages is increasing recognition that, stripped of all complications, a mortgage is essentially a long-term loan with the property as collateral. Anything that can be imposed on the borrower to help ensure that the loan is repaid on the due date is icing on the cake for the lender, particularly if it means earning extra commission at the same time.

As the price of property climbs, mortgages are an attractive form of lending, with good security. That is why the banks and other financial institutions have moved in so aggressively. Unlike the building societies, they do not have to rely mainly on using money from investors to finance mortgage lending. They can go to the wholesale money markets. So they can be a lot more flexible, introducing, for example, mortgage interest rates linked to movements of the London Interbank Offered Rate (Libor) which reflect the trend in the wholesale money market.

These changes mean that borrowers have a much wider choice. But the extension of choice makes it more difficult to pick the right home loan. A Libor-linked mortgage, for example, may be available at a significantly cheaper rate. However, by their nature, wholesale money markets are more volatile than interest rates set by building societies. At the same time, many lenders use cut-price interest rates to attract new business, locking in borrowers who are later treated with scant respect.

So choosing a mortgage based on the cheapest rate going at the time can be dangerous. In addition, cheap interest rates can be used as a ploy to sell endowment, insurance and pension policies that may be well below the best. So while you may be paying less interest on the mortgage, you are losing on the poor performance of the accompanying savings or pension plan.

In many cases it also not made clear that unit-linked policies carry an element of risk. With-profits endowment policies at least guarantee that a sufficient sum is generated to repay the mortgage on the due date, and the investment performance of the fund manager decides how much extra is paid to the policy holder. Much the same applies to pension mortgages.

But with policies based on unit funds, the amount that the fund may generate depends on the investment performance, which inevitably is affected by the state of the share market. If the market suffers a prolonged depression, the fund may make insufficient profits to repay the mortgage, and the borrower could be faced with paying increased premiums or lengthening the repayment period. The risk may not be all that great, if conservative estimates of the funds' likely growth in value are made. But, as the stock market crash showed, there is a risk that is not often made clear to the unsophisticated borrower. Instead, the seller emphasises the possibility of the mortgage being paid off early if the fund performs exceptionally well.

Many lenders will insist on borrowers taking out specific policies, and also locking them in with heavy redemption charges in the event of early surrender. So it is very much the case of let the buyer (borrower) beware.

Nevertheless, competition has brought many improvements. It has shaken the complacency of building societies and made them attempt to be more competitive. It has initiated a new attitude and approach. First-time buyers receive special treatment, with many more lenders prepared to advance 100 per cent loans and take a more lenient attitude towards present earnings. Low-cost mortgages give the opportunity to pay less now and more when your earnings have increased.

Fixed-rate mortgages, for up to five years, have also returned to a limited extent, and there are various ways you can fix your repayments to a known maximum for a period at least – known as "cap and collar" schemes. But fixed-rate mortgages are basically a gamble on the trend in interest rates, and they are very often tied to the borrower's taking out specific endowment or pension policies.

The Budget move to switch the basis of mortgages from the individual to the property after August 1 will obviously bring a period of turmoil and possible danger. Borrowers eager to beat the deadline might well be persuaded to take unsuitable, or poor value, mortgages and accompanying products. In the longer term, however, borrowers have never had it so good.

John Edwards

Company schemes look best, but personal pensions will change the approach to retirement income

Employees must make the decisions now

THERE WERE two main themes to the pension changes introduced by the 1986 Social Security Act: wider pensions choice for *employees, and a* cutback in the role of the State.

Among the many changes, the most radical was that which ended compulsory membership of company pension schemes. Since April 6 this year, an employer may no longer make membership a condition of employment. So the final decision as to how an employee arranges his pension now rests with him rather than his employer. What factors does an employee have to consider?

All qualify for the basic State pension, which forms the first tier of pension provision. At the current levels of £41.15 a week for a single person and £65.90 for a married couple, though, this will not provide an adequate income in retirement.

However, all employees can have some form of second-tier pension; and it is at this stage that they exercise their choice and start to plan. The options are:

- The State Earnings-related Pension Scheme (Serps);
- A company pension scheme;
- A personal pensions plan.

But an employee can combine some of these to provide a second and third tier pension, such as Serps as a second tier and personal pensions on top as a third.

Personal pensions have a specific definition in the legislation, and employees cannot belong to a contracted-out company scheme *and* contribute to personal pensions. But if one uses the expression loosely, to mean an individual pension arranged by the employee, then employees in a company pension scheme can have their own third-tier pension by making additional voluntary contributions (AVCs), either through the company's AVC scheme or through a free-standing AVC, or both. Free-standing AVCs are akin to personal pensions in all but name.

If employees do not make any decisions, then by default they are in Serps. And this is the wrong option for most of them.

Serps on its own, even with the basic State pension, will still not provide an adequate income in retirement. One of the major changes in the 1986 Act was a severe cutback in the benefits provided by Serps – a stick intended to force employees and employers into some form of private-sector pension provision.

Nothing is ever simple in the pension world, and one can only provide guidelines to help employees in their planning. There are two separate considerations, depending on whether the employer has a company pension scheme.

If there is no company scheme, then the choice is comparatively straightforward, though it will require a certain amount of effort from the employee.

The cost of belonging to Serps is currently 5.8 per cent of an employee's annual earnings between £2,132 and £15,860 (2 per cent from the employee, 3.8 per cent from the employer).

Employees below a certain age – around 50 for men and 45 for women – can get better benefits for this contribution from a personal pension. Above that age, the reverse applies. So employees below these critical ages should contract-out of Serps and buy an appropriate personal pension, involving no extra cost to employee or employer.

Indeed, the contributions are enhanced by the tax credit, at basic rate, on the employee's contributions – a credit not given to Serps contributions. And if the employee *has* not been previously contracted-out, there is an additional 2 per cent incentive payment until 1993 from the Government – the carrot to attract employees out of Serps.

If employees can afford to pay extra contributions, above the NI rebate, then they can take out an ordinary personal pension.

Above the critical ages, employees should rejoin Serps; and at this stage of their lives they should be able to afford extra contributions to a personal pension on top of that.

Employers, if they wish, can contribute towards these contributions to personal pensions up to the maximum of 17½ per cent of total earnings – higher limits apply to employees reaching age 50. However, employers are under no legal obligation to contribute.

Many employers who previously had no corporate pension arrangements are setting up their own company pension schemes, either as a collective group personal pension or as a money-purchase scheme. These can be regarded as in-house personal pensions. The benefits are identifiable to each employee and can be continued if he or she changes jobs.

More and more industries are setting up centralised industry-wide schemes, making pension arrangements easier for employers.

Company or industry-wide schemes offer employees few adminstrative problems, compared with setting up their own personal pension. The employer meets the adminstration costs and, since it is his scheme, it is likely that he is contributing above the contracted-out minimum.

Employees should use these schemes, unless they like the idea of planning their own arrangements and selecting the type of contract and the underlying investment funds involved with their own personal pension.

The difficult choice occurs for employees who currently belong to, or are eligible to join, a company final-salary scheme.

Comparisons are difficult, because final-salary schemes operate in a different manner from money-purchase personal pensions. With a final-salary scheme, the pension and tax-free cash sum are related to an employee's earnings at or near retirement. The financial responsibility for meeting those benefits rests with the employer.

However, the benefit of good investment performance belongs to the employer; and it is his choice, with negotiations with trade unions, as to how much of that investment performance is passed on to employees and pensioners. Company schemes also provide death-in-service and disability benefits at no extra cost to employees.

In contrast, the ultimate pension and cash sum from a personal pension depends on the level of contributions, the investment performance during the period to retirement, and market levels and annuity rates at retirement. Death and disability cover has to be paid for by the employee, unless the employer is prepared to provide some form of cover for all employees.

With a personal pension, the employee is in the market place. The benefit of good investment *performance belongs* to *him, but* he carries the investment risk. The employee also has to pay the costs involved in setting up and running personal pensions.

The most crucial decision with a personal pension comes when the employee has to buy a pension. Annuities for the contracted-out appropriate personal pensions are on a unisex, unistatus basis. But for ordinary personal pensions there is no control. The cost is higher for women than for men. A spouse's pension has to be paid for, as do pension increases to allow for inflation.

With a company scheme, this is all covered, including future pension increases where companies are now making regular increases to provide some offset against inflation.

But the key factor is whether the employer will contribute to a personal pension. On average, a company scheme will provide better benefits over the long term, even allowing for changing jobs, because employers are not prepared to contribute to personal pensions as they contribute to company schemes; and because the employer meets the cost of running a company scheme.

Eric Short

PERSONAL FINANCIAL PLANNING 4

Pound cost averaging's a comfort in a bear market

Regular savings: various schemes compared

	SAINTS savings scheme	PEP	MIP (10-yr life policy)	Unit trust savings scheme
Annual invested cash, for 10 years	£1,000	£1,000	£1,000	£1,000
Initial charge p.a.	£9	£50	£250*	£50
Annual charge	0.4%	1.0%	2.5%	1.0%
Value after 10 yrs	£16,232	£15,965	£14,390	£15,225
Profit	£6,232	£5,965	£4,390	£5,225
After CGT at 25 per cent	£5,924	£5,965	£4,390	£5,169

*25 per cent in year 1, 2.5 per cent thereafter

Assumptions: income reinvested after basic rate of tax where applicable; 7 per cent annual capital growth; 4 per cent yield

Source: SAINTS 1986- updated for new rates of CGT

REGULAR SAVINGS plans through unit trusts and investment trusts have always been the Cinderellas of the savings industry.

The problem is the old one of commission. Brokers, who bring in around 75 per cent of unit trust investment, don't find savings plans worth their while. Investment trusts, whose shares can only be bought through stockbrokers, suffer from a more chronic variation of the same *problem*, because they are not allowed to take money through coupon advertising.

The comparison between different types of savings scheme produced by the Scottish American Investment Trust (Saints) for its 1986 annual report shows the effect of charging on performance. Without taking capital gains tax into account, the investment trust plan performs best. Even after CGT at 25 per cent on gains over £5,000, it is only a little behind the personal equity plan (PEP).

The result with a unit trust plan is almost 13 per cent down by comparison, but is still well ahead of the maximum investment plan (MIP), which is the standard type of long-term unit-linked investment life policy. One unit trust plan, from Brown Shipley, offers a 3 per cent bonus on all contributions, which counteracts the charging disadvantage compared with an investment trust plan.

Apart from their beneficial charging structures, regular *savings plans also have the* advantage of pound cost averaging. Your money buys more shares or units when the price is lower, so the average cost to the investor over a stated period will be lower than the average price over the same period.

Because of pound cost averaging, the regular saver can feel comforted during bear markets. The plan acts as a timing discipline, because the fixed monthly contribution buys more shares at the bottom of the market than at the top.

If the market has a period of uncertainty, during which it fluctuates downwards and ends up only just above its starting price, the regular saver will do much better than a lump-sum investor who put in the same amount at the start. Because of this, regular savings plans are particularly suitable in current market conditions.

In theory, pound cost averaging works even better with a more volatile fund. The ideal *fund would be one whose price* fell constantly while you made contributions, then rose dramatically just before you redeemed your units. Unfortunately, volatile funds do not oblige. Rising phases rarely make up for dramatic plunges in price.

Unit trust sectors which have done well for the lump-sum investor have also been the best for the regular saver. Figures show Japan and UK Equity Income leading the field. One of the most volatile sectors, Commodity and Energy, is the worst over all periods.

Unfortunately, regular savings performance figures for investment trusts are hard to come by. They would, in most cases, be back-projected figures, as investment trust plans have been widely available for only the last two or three years.

Robert Fleming say that a notional £20 monthly investment in their Fleming Claverhouse investment trust on an income-reinvested basis would have produced £11,396.60 over ten years to March 1. A similar investment in their Japan investment trust would have grown to £13,636.20. (In practice, the minimum investment in their plan is £25 a month.)

If low charges and pound cost averaging enhance the performance of unit trust and investment trust regular savings plans, both are also attractive because of their simplicity and flexibility.

The minimum monthly investment is low. Most of the 60 or so unit trust groups which offer plans have a minimum of £20. Most investment trust plans have a £25 minimum.

With unit trust plans, the frequency of contributions is usually monthly, though some groups will accept other frequencies. A few do not require regular payments at all. Lump sums may also be added with most schemes at irregular intervals.

There are few withdrawal restrictions. Some groups expect you to save the equivalent of their minimum lump sum investment. Others impose no limit. This is a considerable advantage compared with a life policy, where your money is tied up for 10 years. There is no surrender penalty – units are simply bought back at the bid price.

Groups usually offer regular savings plans on all their trusts, and switches between trusts can be made without formality. Income with such plans is automatically re-invested.

Investment trust regular savings plans can be looked upon simply as a cheap and convenient way of buying investment trust shares, whether as a lump sum or regular savings. Most schemes can be used in three main ways: for regular savings, for the occasional saving of a lump sum, and for the re-investment of dividends – which may, incidentally, be from shares other than those of the investment trust itself. They can also be used to make a gift of shares to someone else.

The investment trust manager puts together purchase orders through the regular savings scheme and buys a block of his own shares once a month. If the investor bought back £20 of shares through a stockbroker, he would probably pay £16 in commission. Through a regular savings scheme, the economy of scale means that commission paid is negligible – as the Saints example shows. Some schemes, like that offered by Martin Currie, make no commission charge at all.

The only difficulty is that some investment trust schemes will not buy your shares back when you want to realise the investment. If you want to avoid having to go through a stockbroker when you sell, chose a scheme like Globe, which will.

Christine Stopp

School fees

Endowments are the cornerstone

IN THE same way that far-sighted parents put their children down for the most popular schools before they are even conceived, school-fees planning should start as soon as possible after junior's arrival.

The demand for, and cost of, private education is spiralling. The most recent survey by the Independent Schools Information Service (Isis) showed fees for a term at a boys' boarding school of nearly £1,700 on average – an increase of 10.6 per cent from the previous year. Top boys' schools charge as much as £2,300 a term for those lush English playing fields.

Two thirds of parents are believed to pay out of current income, but this is likely to be a huge financial burden. One family in 50 is obliged to take their child away from school for financial reasons.

For those who can plan ahead, a far more satisfactory way of using parental income is to take out a fixed-term or endowment life assurance policy. These are usually fixed over a minimum period of 10 years, and are free from a liability to higher rates of income tax after three-quarters of their term (7½ years).

Endowment policies provide a guaranteeable, tax-free lump sum on maturity, which can be put down as a capital sum to pay school fees in advance. Some come with profits, which means policy-holders are entitled to dividends or bonuses at regular annual periods.

School fees schemes planned out of income are basically a series of endowment policies with maturity dates written into the scheme to coincide with payment dates. The payments can be unit-linked, with profits, or both. Proceeds from all life assurance policies are free from basic rate income tax and capital gains tax.

Thirteen years of bull markets, until last October, have worked in favour of unit-linked policies, although there are signs that the stock market crash and low inflationary outlook may be starting to reverse the trend back to endowments. Current returns on endowment policies are about 17 per cent a year, compared with, for instance a return of 7 per cent from a building society current account.

One alternative is to have a straightforward with-profits endowment policy which matures at the end of the school fees period, and to borrow against it while paying the fees. This involves paying interest, but when the policy matures, parents will receive a larger capital sum back. It is also possible to borrow against an unit-linked policy.

Where parents have a large sum of capital available, school fees can be paid in advance from a lump sum. This is best used to provide an annuity to cover a proportion of the school fees over a given time. Annuity payments are made from a trust set up for the purpose, and there is no tax liability on the annuity income which pays the fees.

The most difficult aspect of planning ahead it to estimate the inflation rate of school fees. Even the experts admit that it is impossible to guess what a term at Eton will cost by the year 2005. Fees have increased by 12 per cent a year on average over the last 20 years, although this average disguises rapid leaps over the 1970s. With demand for private education rising, parents are well advised to build a fairly pessimistic inflation figure into their calculations.

What if junior opts for the local comprehensive after all? Unit trust savings plans can be cashed in at any time without loss of accumulated income. With an endowment policy, investors lose one years' savings. Remember, most plans only become tax free after seven and a half years.

Parents who have made no provisions for private education have the option of taking out a *loan against a mortgage or* life assurance policy. Isis has arranged with the National Westminster Bank a School Fees Loan Plan, where the cost is spread over a number of years after the children have left school. But the high cost of borrowing makes loans very much the last resort.

Some schools operate schemes where a composition fee – a capital sum paid in advance – is used to pay the fees. These *schemes usually allow for some* discount on the termly fee. A lump sum put down four years in advance could reduce fees by as much as 15 per cent. Parents should contact school bursars for details.

Finally, parents with a capital can put a lump sum into a charitable education trust. These are tax-exempt and are run by insurance companies, including Save & Prosper, Equitable Life and Royal Life. *However, Mr Stephen* Whitehead, of Whitehead & Partners, advises against them. "The Labour party has pledged to abolish the charitable status; and these trusts could well be on Mr Lawson's list of discrepancies which need ironing out," he warns.

One casualty of Mr Lawson's ironing session in the last budget was tax relief on inter-personal covenants which were not made for charitable purposes – which educating children is not. This means that grandparents will no longer be able to gain tax breaks by making covenants to pay their grandchildren's school fees, although existing covenants are not affected.

Where grandparents are willing to help with school fees, the best solution now is to incorporate their capital into a lump sum to start off a school-fees plan. This is particularly applicable for grandparents approaching retirement age, when their future income is likely to diminish.

Parents face no shortage of financial advisers when it comes to looking for a school-fees policy. Most insurance companies operate their own, or an adaptation of an existing investment plan. There are also a number of specialist school-fees insurance brokers, who take a commission from the insurance company rather than the parents, such as the School Fees Insurance Agency (SFIA), Invest for School Fees (IFSF) or Whitehead & Partners.

A good plan should be tailored to suit parents' particular needs, reflecting, for instance, whether earnings are likely to increase rapidly over the next 10 years, or whether retirement is approaching.

Heather Farmbrough

Geoffrey Moore on a somewhat slack appraisal of the work of poet and scholar A. E. Housman

Musing on the art of deceptive simplicity

A.E.HOUSMAN: COLLECTED POEMS AND SELECTED PROSE
edited by Christopher Ricks. Allan Lane the Penguin Press. £18.95, 528 pages.

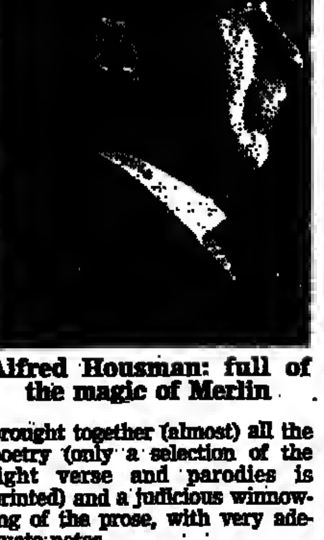
POOR, DEAR Willa Cather, innocent that she was, once made an unannounced visit to A. E. Housman at his lodgings in London and was appalled by the contrast between the "magical" lyrics of *The Shropshire Lad* which she had so admired in America and the pedantic, crusty old bachelor who bad produced them in England. Christopher Ricks, whose new edition of Housman signals a revival of that quality hardback imprint, Allen Lane the Penguin Press, is not likely to make that mistake. He is all too well aware, as he tells us in his introduction, that "poets are not the slovens and buffoons whom commentators are happy to fabricate."

Unfortunately, his blurb-writer does not seem to have grasped the point, because he/she announces gushingly that Housmau had a "feeling for poetry as an instinctual *(sic)* reaction to life." This recalls Housman's magisterial letter a month before he died in 1936 to the American Houston Martin. Martin had apologised for seeming "indignant and presumptious" in writing a book on Housman. "By 'presumptious'," says Housman, "you mean 'presumptuous' and what you mean by 'indignant' I have no idea."

Not that any editor ought to he held responsible for his blurb-writer, but this gaffe is the first thing to hit the reader's eye as he or she opens the cover of this handsome book. This is followed by a mounting sense of unease as one discovers that there is no index, and that the book list mentions only a fraction of the editions cited in the notes.

I yield to no-one in my admiration for the quondam Regius Professor of English at Cambridge, who already showed us in 1968 how interested he was in Housman by editing a collection of critical essays on the poet by such diverse hands as those of Edmund Wilson and W. H. Auden, as well as including an essay of his own. However, there does seem to be a certain slackness here. What is the point of such a glossy production at £18.95 when secondhand editions of Housman's poems are to be found in every bookshop at 50p a copy and every good library has multiple selections and collections of Housman's prose and letters? They range from from Laurence Housman's *Some Letters*, published a year after his brother died, to Diggle and Goodyear's three-volume collection of the *Classical Papers* in 1972. William White made a list of all the letters in 1957 and revised John Carter and John Sparrow's Bibliography in 1982. Carter himself produced 204 pages of *Selected Prose* as early as 1961 and Henry Maas 458 pages of *Letters* in 1971, to name only a few.

The boast of the present collection is that *it* "brings together, for the first time, the double genius of A. E. Housman as poet and great classical scholar." Is this true? What about, for one, Horwood's *Poetry and Prose*, which Hutchinson published in 1971? Someone hasn't done their homework. I don't say that Ricks is at fault, because, apart from his disappointing introduction, he has done a good job; he has



Alfred Housman: full of the magic of Merlin

brought together (almost) all the poetry (only a selection of the light verse and parodies is printed) and a judicious winnowing of the prose, with very adequate notes.

In the dear, dead days beyond recall, Viking Press produced an incomparable series of selections from the work of famous authors called "Portables." The format was always the same: a long, informative, more often than not brilliant, occasionally definitive (as in the case of Malcolm Cowley's *Portable Faulkner)* essay, a generous selection of the author's work, and such ancillary matter as the editor considered appropriate. Addressed to the intelligent, general reader, these "Portables" were widely used in American university teaching.

Is this volume en attempt to revive the spirit of the old Viking Portables? If so, it falls sadly short of the mark.

The main theme of Ricks's introduction is blasphemy and, indeed, blasphemy does assume noble proportions in Housman's work. Lucifer, son of the morning, gives God what-for; no coward soul is Housman's. His other theme is what John Berryman called the "total split" between the "absolutely marvellous minor poet" and the "great scholar." In his intelligent way – and quite rightly – Ricks does not go for this, pointing out that the prose is "alive with principles, impulses and sensitivities that are apt to the poems' achievements. And vice versa."

It is this line of argument that Ricks might well have pursued, with great profit and instruction to us all. "He who would do good to another must do it in Minute Particulars," said William Blake. It is the minute particulars of bow Housman brought it off which need to be defined, for of all poets – meagre though his output was and relatively restricted his range – he comes nearest to possessing what T. S. Eliot called the quality of "auditory imagination": that is, "a feeling for syllable and rhythm penetrating far below. . . conscious levels of thought and feeling." A spot of the old analysis, comparison and evaluation for which Ricks's (and Housman's) adopted *alma mater* Cambridge is so justly famous – and which, after all, is only deconstruction in embryo – was what was needed.

Willa Cather was right when she called Housman's poems "magical," but they are not magical in the sense that she meant. The magic is the magic of Merlin. It is the venom of the "pejorist," as Housman called himself, which turns what might otherwise have been bland strophes into poems which are as memorable as any in the language. It is uot only Housman's sense of cadence, the absolute rightness of his ear, which he felt as much for Latin and Greek as he did for English. More than this, it is the cutting edge below the surface which creates a sense of sheer delight. What went into making the most artless-seeming of Housman's lines is the great art of the creator, which is as far from being "instinctual" as the work of a Van Eyck is from the first daub of a child.

Housman's life was not a happy one, but it was one of the greatest integrity. He claimed to be an "egoistic hedonist" but his life, like his work, gives this the lie. "He never loved a woman/or a man, save one," says Berryman, and that one, Moses Jackson, "sodali meo," never returned his love. What might for others have led to schizophrenic misery was turned by Housman's uncompromising stoicism into the pure gold of poetry.

Geoffrey Moore

A charlatan's career

THE SECRET LIVES OF TREBITSCH LINCOLN
by Bernard Wasserstein. Yale U.P. £16.95, 328 pages

ADMIRERS of the work of Eric Ambler will enjoy this book, though scoundrels are more rewarding in a novel than a scholarly biography. The subject of this one, Trebitsch Lincoln, with his multitude of false papers, his glib command of conman's patter, his heartlessness, his pointlessness, is a faithful imitation of an Ambler villain.

What is remarkable is the energetic scholarship with which Bernard Wasserstein has recovered the details of a career almost too bizarre for fiction. Its strange fascination, he suggests, consists in its grotesque reflection of its period, roughly the first half of the 20th century.

Trebitsch – the Lincoln was appended for cosmetic purposes – was born in 1879 into a prosperous Jewish-Hungarian family. His father speculated unwisely and the son, clever, unstable and possessed of a power to fascinate that was to wear only too well, got into trouble with the police and fled the country at the age of 18.

The extent of his travels still remains obscure. He may have gone to both North and South America, but he certainly came to London and established a connection with a Christian mission concerned with the conversion of the Jews; during this time he purloined a watch, rather a speciality of his. By 1900 he had become a Presbyterian missionary in Canada, switching late in 1902 to the Anglican communion. By 1903 he was back in England, a candidate for the priesthood and a curacy in Kent. Archbishop Davidson and his examining chaplain found, however, that his claims to knowledge of Greek were without foundation and Trebitsch's career in the Church of England came to an end. "I don't think he's a great loss," noted the Archbishop.

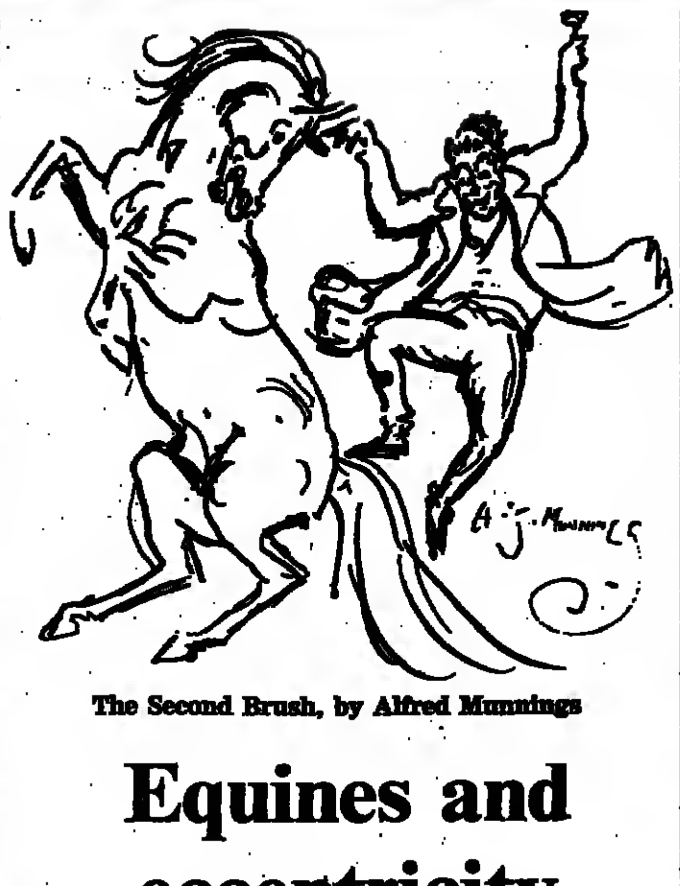
It is impossible in a review to do full justice to the variety and absurdity of Trebitsch's career. Its high-point was his adoption in 1910 as Liberal candidate for Darlington while still a Hungarian subject and his subsequent election as MP. After that, fraud and espionage, both rather amateurishly conducted, became his main source of livelihood. Seebohm Rowntree was his most profitable victim. Once again it was members of the professions, not the men of commerce, who saw through him. Diplomats such as Sir Eyre Crowe rumbled him from the start, as did Blinker Hall, Director of Naval Intelligence. It was Hall who had Trebitsch extradited from New York during the First World War and sent to prison from 1916 to 1919.

Hatred of Britain now became the mainspring of Trebitsch's activities. He infiltrated extreme right wing circles in Germany, where he played a considerable part in the Kapp putsch. The violent anti-semitism of his associates nearly cost him his life. This caused him to turn his coat yet again, and to offer the Entente powers a mass of documents highly damaging to his late associates. Ironically it was Sir Eyre Crowe who discredited his, for once, valuable evidence.

The Far East and the Buddhist religion offered Trebitsch a last refuge for his talents and for his penchant, again true to Ambler type, for flirtation with theosophy. Up pops the name of Madame Blavatsky. Indeed of all the queer fish of the period only Sir Shane Leslie and Dr Montague Summers seem unaccountably absent. But even in this Nirvana, the Abbot Chao Kung (as Trebitsch had become) could not resist a final temptation to settle accounts with the British by contacting Nazi intelligence, such as it was, in Shanghai.

Trebitsch's overtures were fiercely rejected. Was he not a Jew? He died in 1943, and Prof. Wasserstein, a glutton for punishment, still hopes to find further documents to add to what is a tour de force of research.

Richard Ollard



The Second Brush, by Alfred Munnings

Equines and eccentricity

WHAT A GO! The Life of Alfred Munnings
by Jean Goodman. Collins. £17.50, 273 pages

MUNNINGS FOUND his subject – horses – early and stuck to it for the rest of his life. Of course he did not only paint horses. He made many charming sketches of people, men and women caught in a moment of truth: Rowland Berkeley, pipe in mouth, supervising the hanging of the pictures at the Garrick Club, Pinero looking wise and thoughtful; both of these drawings he presented to the Club where they now repose over the basins in the cloakroom. Then there were landscapes without horses which no-one wanted. He once offered a stack of them to a dealer for £50 each, an offer which was refused. They would be worth many thousands now. And at least one nude – a statuesque French model he painted on a visit to Paris in 1902; and gypsies galore whom he sought and got to know in the fields and villages of East Anglia.

Nonetheless these works remain but a fraction of his output beside the innumerable studies of horses; shire horses, farmers' horses, horses riding to hounds, pedigree racehorses. . He never wearied of taking his place at the big race-meetings at Newmarket and Ascot and trying to capture the movement of the scene as well as its colourful elegance and excitement. Compare Munnings's sinewy recreations of a race at the off or the finishing-post with those shimmering, fleeting impressions by Dufy of the more processional moments in the paddock at Deauville.

Reading Jean Goodman's *What a Go!* (Munnings' favourite saying when anything out of the ordinary occurred) one feels that he might have been an original of the disturbed boy in *Equus*, his horse-mania leaving him incapable of having a true attachment to a member of either sex.

Munnings grew up as a country boy in Norfolk, where his father had a mill. His talent for painting soon emerged and he enrolled at the Norwich School of Art while holding down a job with a local firm of lithographers. It was the ideal apprenticeship in the craftsman side of his chosen career.

An unfortunate accident occurred when he was walking in the fields one day. He caught his face in a bramble while bending down to retrieve something; and the scratch deprived him of the sight of one eye. It was a measure of his courage and strength of character that he refused to allow this loss of binocular vision to deflect him from his dedication to drawing and painting. He continued to produce a steady flow of work remarkable for accuracy of observation.

After Munnings had begun to establish himself as a professional artist and had had one or two paintings shown at the Academy he became friendly with a Norwich horse-dealer who supplied him with equine models and loaned him his son "Shrimp" who became the painter's indispensable companion. The boy would group the horses in a satisfactory composition, and indicate sight-lines to the artist with his thumb. Jean Goodman suggests that this was one of Munnings's happiest periods.

Munnings's two marriages were both stormy, and seemingly unsatisfactory sexually. The first – to a society beauty whom he had seen and painted on horseback – was a disaster and ended in his wife's suicide; the second, to Violet McBride, encountered when she was riding side-saddle in Rotten Row (see his Academy portrait of her in 1920) lasted because Violet had her head screwed on and allowed him a very long rein with extended periods away from home in his beloved clubs or in the fields sketching gypsies and horses.

By the end of World War Two Munnings had become an irascible English eccentric, the most famous British painter of horses since Stubbs. It was inevitable that he would be elected President of the Royal Academy, and it was while he held that office in 1949 that he made his notorious speech at the annual banquet attacking "those foolish daubers," Cézanne, Matisse, and Picasso, with side-swipes at the Academy, the Arts Council, the Tate Gallery and the then Surveyor of the King's Pictures, one Anthony Blunt. It made him much more famous than anything he ever painted.

Jean Goodman has done a thoroughly good job. She is able to he much more frank about Munnings's nasty sida - his foul-mouthed boisterousness, his outbursts of bad temper and anti-semitism, his sheer downright rudeness – than previous biographers have been; and she does full justice to his gifts, both literary and painterly, which cannot be denied.

Anthony Curtis

Rock of ages

THE ROCK OF THE GIBRALTARIANS: A HISTORY OF GIBRALTAR
by Sir William G. F. Jackson. Associated University Presses. £30.00, 378 pages

"THE MARVELLOUS Rock" is Churchill's phrase for it, and astonishing it is from every point of view: visual, geographical, historical. And it can have been given to few Governors to write so substantial and absorbing a volume on the history of their former province.

This soldierly author is strong on facts; I can summarise them best by saying that, in the long history of the Rock, the Spaniards occupied it for only 200 years, the British for nearly 400, the Arabs for 800 – each of them doubling the others' tenure. I hope it is not invidious to say that the Spanish occupation made nothing of it: it was not very important to Spain except as a complex, whereas it became of the first importance to a sea-power dependent on its sea-lanes, as it was to the Second World War, without which the war might have been lost. Today it is hardly less important to the Western Alliance.

The capture of the Rock by Admiral Rooke in Marlborough's war against Louis XIV was a comparatively easy affair. Not so the four-year-long siege in the American Revolutionary war, when Britain was fighting half the world. (That was a mistake!) The defence of Gibraltar by the tough Scot with the rugose face, Lord Heathfield, was indeed inspiring against a background of defeat. At the end of it the city was in ruins: it looked worse than London after the Blitz. Here a word must be said for the extremely informative illustrations, maps and plans.

I am bound to own that I find the recent history of the Rock in this century most fascinating of all – though it is interesting to read of it as the base for Trafalgar. It was a merciful blessing for us that Hitler turned his attention eastwards, away from Gibraltar and the Mediteranean, which Goering had more in view. Without Gibraltar the Mediterranean could never have been held. Without deviating into politics, it seems that the Gibraltarians today, like the Falkland islanders, prefer their self-government and present attachment.

Plenty of facts to go upon: no jokes, no poetry from the gallant soldier. Yet I recall that, when the Anglican Bishop of Gibraltar met Pio Nono, the Pope said agreeably, "I believe I am in your diocese." And even the Radical, anti-imperialist Wilfrid Scawen Blunt was moved by the sight of the Rock to write:

God! to hear the shrill
Sweet treble of her pipes upon the breeze,
And at the summons of the Rock gun's roar
To see her redcoats marching from the hill!

A. L. Rowse

David Fishlock on a doctor's moving testimony on the aftermath of the Chernobyl reactor disaster

Healing hands across the borders of science

CHERNOBYL: THE FINAL WARNING
by Dr Robert Gale and Thomas Hauser, Hamish Hamilton, £12.95. 213 pages

THE CHERNOBYL DISASTER
by Viktor Haynes and Marko Bojcun. The Hogarth Press, £7.95, (paperback) 208 pages

DR ROBERT Gale has a unique tale to tell of his experiences in the Soviet Union in the aftermath of the Chernobyl nuclear explosion, two years ago next week. In partnership with someone identified only as "an attorney and author," he tells it in the first person, and by any standards it makes a rattling good yarn.

The hero comes over as the sort of man we would all like our doctors to be. He is full of energy and confidence, yet clearly knows the bounds of medical knowledge and of his own speciality, leukaemia, sometimes a consequence of too much radiation of the kind released at Chernobyl. He is unaffected enough to turn up for an interview with Mikhail Gorbachev at the Kremlin in clogs, without socks, yet to publish his story without a single picture of himself.

Robert Gale, 41, of University College of Los Angeles Medical Center, is an expert in bone marrow transplants to help leukaemic patients. Life changed dramatically on April 29 1986, when he heard – while shaving – a radio report of the accident. The broadcast said Soviet authorities were seeking advice on how to extinguish a radioactive fire. Unconfirmed reports put deaths near 2,000.

Gale knew that bone marrow transplants would surely help some victims exposed to potentially lethal doses of radiation. "I knew generally what the Soviets had been doing . . .They had two, possibly three, transplant units and performed only a handful of bone marrow transplants annually. If the accident was anything close to what was being reported, they'd need help; any country would." By 9 am he had won permission from the International Bone Marrow Transplant Registry in Milwaukee to offer US assistance. Later that day he reached Armand Hammer of Occidental Petroleum in Washington DC, a man he knew both for his interest in cancer research and his Soviet links.

Hammer dismissed ideas that Chernobyl victims might be flown to the West – "Forget that. The Soviets will never allow it" – but agreed to investigate. The same day Hammer sent Gorbachev a letter offering to airlift Dr Gale to Moscow at his personal expense.

At 6.30 am on May 1, just 48 hours after hearing the broadcast, Gale got a call from the Soviet Embassy asking him to come to Moscow immediately. That time, the first of six post-Chernobyl visits, he was there for six weeks, mostly at Hospital No. 6, equipped with what he soon decided must be a unit set up to specialise in treating victims of radiation accidents.

It was experience of "radiation burns" of a kind he had never encountered in the US. But Dr Angelina Guskova, the doughty doctor in charge of the Chernobyl patients, "obviously had seen a lot of them," and had sophisticated ways of judging how much radiation a patient might have received.

Gale proceeded to organise his personal task force including several professional colleagues and $1m of special equipment by air from California. He also manoeuvred his hosts into letting him "cannibalise" a Moscow research centre, in a city where "medical institutes don't lend equipment to one another."

Reflecting later, Gale finds it "extraordinary that the Soviets accepted me at all." Another private sector offer of expertise, of nuclear technology from the Electric Power Research Institute in California, was rebuffed. Gale believes the US would have rejected any Soviet offer of help in the aftermath of the Three Mile Island radiation incident in the US(although of course that accident harmed no-one).

Dr Gale made his first trip to Chernobyl a month after arriving in Moscow. By then the death toll was 26, including many who were his transplant patients, of whom he writes movingly. All those who died had been badly injured as well as damaged by radiation.

Later that summer Gale attended the international "post mortem" on the accident, organised in Vienna by the International Atomic Energy Agency. He found the 430-page Soviet account of the accident "remarkably thorough and candid." But Dr Guskova, for reasons be believes were "other than scientific," made statements in Vienna which in Gale's very temperate view were not entirely accurate. Where previously he believed thay had been friends, now she was cool towards him. The public effect was to downplay the efficacy of bone marrow transplants as a life-saver.

As Gale sees it, "transplants weren't our major contribution . . ." and Guskova was voicing conclusions about transplants, "which overlooked the fact that they'd been given only to patients who had no chance of surviving without them."

All this is recounted absolutely without rancour, and within six weeks of the Vienna meeting he was back in Moscow again, tending the 30 surviving patients in Hospital No. 6. Two years after the accident, the death toll totals 31, including two killed in the explosion.

The author undergoes a curious literary transmutation in the last two chapters. They could have been written by someone else. They are simply political polemic rather than a logical conclusion to a remarkably inspiring and well-told story.

Less inspiring is the account which two British academics have pieced together from press clippings, East as well as West. They read Russian and so have been able to draw on first-hand accounts in a way western observers could not (although Dr Gale notes how little was being said publicly in the USSR for the first two weeks after the explosion).

Haynes and Bojcun offer much technical detail about the hapless reactor and the rays it released, with diagrams and many pictures, including one of Gale tending an absolutely bald but still mustachioed fire-fighter. Unlike Gale, these authors are highly critical of the Soviet administration. They see Chernobyl as an indictment of the entire Soviet way of life.

Not content with this pretty sweeping indictment, they then turn on the West for its continuing confidence in nuclear power, claiming incongruously that it survives, not on economic merits, but because it is "bound up in a complex and intensive collaboration between science, the state and the military," and yet that it is being driven forward "by the promise of wealth and profit." Clearly, they like nuclear power even less than whoever drafted the final chapters of Dr. Gale's story.

Fine breath of scandal

SCANDAL
by Shusaku Endo, translated from the Japanese by Van C. Gessel. Peter Owen £11.95, 237 pages

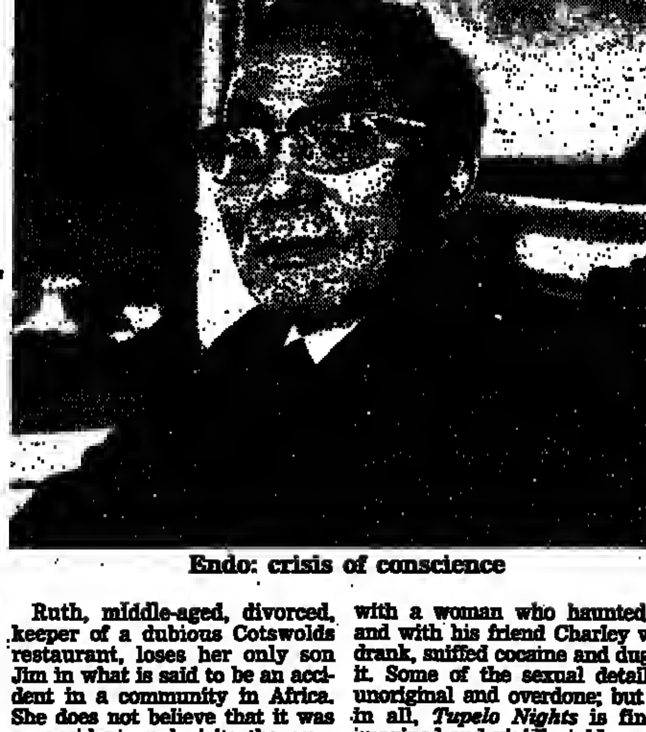
THE WOMAN WHO WAS GOD
by Francis King. Hutchinson. £10.95, 331 pages.

TUPELO NIGHTS
by John Ed Bradley. Bloomsbury. £11.95, 239 pages.

BATHSHEBA
by Torgny Lindgren translated from the Swedish by Tom Geddes. Collins Harvill. £10.95, 249 pages.

THE BUTTERFLY CHAIR
by Marion Quednau. Virago £10.95, 202 pages

SHUSAKU ENDO, born in 1923, took a while to be accepted in his own country as one of its leading novelists. This is understandable, for his fiction is hardly in the Japanese tradition of such writers as Soseki or Toson. A Roman Catholic who studied for many years in France, he examines in his novels the non-Christian elements in his native tradition. Graham Greene has hailed him, and indeed his books bear the marks and the influence not only of Greene but of Mauriac, Bernanos and other French Catholic novelists. He is extremely lucid, and the supicion on the part of some critics is that he is not profound. But no-one could doubt his intelligence, his sincerity or his ability.



Endo: crisis of conscience

Scandal tells of a respectable novelist of about Endo's own age who, at a literary reception in his honour, is accused of secretly frequenting a gallery in the porn district of Tokyo. He denies it, but visits the gallery and there meets Mrs Naruse, an enigmatic widow who combines saintly hospital work with dedicated sado-masochism. Mrs Naruse accuses him of bad faith in the matter of sexuality in his novels. The confusion between curiosity and sinful conscience existing in Suguro, the protagonist, is presented with consummate skill; his exhausted physical condition is felt by the reader almost as though it were his own. This is a superbly accomplished novel, of great power.

Many novelists, from Hawthorne onwards, have made attempts to describe religious or Utopian communities, and all but the best have come a cropper. In his extraordinary *The Woman Who Was God*, Francis King does not, perhaps mainly because he does not set out to, answer the question that nags irritably in the minds of all outsiders: are they genuine?

Ruth, middle-aged, divorced, keeper of a dubious Cotswolds restaurant, loses her only son Jim in what is said to be an accident in a community in Africa. She does not believe that it was an accident, and visits the community – and its "leader", a charismatic woman known as "Mother" – to find out. It would be wrong to describe what she discovers, because this is surely essential reading for all those interested in the health of the English novel. Like all King's work, it is incidentally a tragedy of manners, replete with beautifully observed incidents and types, from a cynical servant of the Foreign Office to a pretentious and irresponsible journalist on the look-out for copy.

More profoundly, it is a study in false appearances, and in paranoia – and, finally, even in the ethics of fiction itself. The comparative neglect of Francis King by serious literary critics is an increasing mystery. This novel will resonate in the mind for a long time to come.

Tupelo Nights is an agreeable first novel by a young American making his début in Great Britain. John Girlie, a Louisiana football hero who has often been taunted on account of his name, tells the torrid story of how he quit football to return to his home town to be with his mother, and of how he became obsessed with the graveyard, with a woman who haunted it, and with his friend Charley who drank, sniffed cocaine and dug in it. Some of the sexual detail is unoriginal and overdone; but all in all, *Tupelo Nights* is finely imagined and vividly told.

Bathsheba is a vigorous retelling of the Bible story of David and Bathsheba by a popular Swedish novelist. I prefer the original, by the side of which this, however worthy, seems bathetic and lifeless. It seems odd to draw material from the Bible and then render it in what seems to be a grotesque and portentous parody of its language.

The Butterfly Chair is the first novel, of a Canadian who has run a farm as well as scripted a television series on disabled children. It is what I call good public service fiction, which is only to say that it uses the form of fiction to draw attention to social problems, rather than for its own sake. When Else Rainer was 15 she witnessed the murder of her mother by her father, and his suicide. Now at 30 she is trying to work out her own life, and does it by reconstituting the tragedy of her parents' relationship. The account is full of goodwill and understanding, and is readable; but it lacks imagination or real psychological penetration.

Martin Seymour-Smith

WEEKEND FT

• SPORT •

Cricket/Teresa McLean

Culture gives way to confusion

COUNTY CRICKET ought to be romantic. It has all the qualifications: small crowds, so quiet an image that the players themselves have been known to fall asleep on the field, and so gentle a pace that three days' play often ends in a draw. Compared with the easy glamour of one-day and Test cricket, the county game should have just the kind of hidden, obscure appeal that enrages the philistines unable to appreciate the sport's delights.

Sometimes, it does have that appeal. But only sometimes. More often, county cricket is a dull, defensive non-event. It hurts me to have to say that because I am one of those cricket romantics who love the game for reasons I can't explain, and love county cricket best of all as the essence of cricket culture.

But there is no getting away from the fact that mid-afternoon on the middle day of a boring county match can be living death. To take an example at random from last season's county championship: Hampshire played Warwickshire at Bournemouth, admittedly not the most scintillating of venues but one which was turned into a funeral parlour by torrential rain at teatime on the second day and Warwickshire's subsequent refusal to take up Hampshire's challenge and try for 115 in 33 overs. They opted for a draw. Counties often do.

That is one of the reasons there are going to be four-day as well as three-day games this summer. More time means less excuse for dead-end tactics. The theory is that middle-order batsmen no longer will have to sacrifice their style to speed or stalemate. Poets such as David Gower, the former England captain, will come into their own.

At the same time, spin bowlers will be able to spin and fast bowlers unleash some real speed instead of bowling a flat, good length to keep runs down. Captains won't have to make absurd declarations in an effort to get a result, nor will they drag the game and its cold, loyal nuggets of supporters to a moribund draw when aggressive batting proves too dangerous. That's the theory.

The counties voted 15 to two in favour of it and the TCCB has had the sense to give it a three-year trial. Everyone needs time to get used to having extra time, especially as they will have to keep reminding themselves whether it is a four-day or a three-day game in which they are involved. The English gift for compromise has reached new depths in putting this four-day theory into practice. We are being given six four-day and 16 three-day county matches instead of a wholehearted four-day commitment which would give the experiment a chance to show what it can do.

Worse, the four-day game is keeping the same bonus point system as the three-day one, so the same pressures to stampede or grind grimly on remain in play. With consummate irony, the TCCB said it would not change the point system because that would be confusing. Now that we have one-day, three-day, four-day and five-day cricket, the least we could do is try to encourage the confusion to produce more enjoyable play.

No one has as much remembering, preparing and working-out to do as umpires, groundsmen and scorers, who go on being ignored and refraining heroically from broadcasting their grievances. The last time the length of county matches was altered from three days to two, in 1919, it was a disaster. The number of hours remained the same and umpires were driven to the desperate measure of a joint declaration with players that 21 hours of play was all right spread over three days but unbearable squashed into two. The third day was reintroduced the next year.

Now, we are to have a fourth day. It would carry greater hopes if the authorities had had the courage to leave pitches uncovered for a couple more seasons, preferably with run-ups also left open to nature. But courage failed in the teeth of the confusion and all we have is a three-day season topped and tailed, with four-day games run on the three-day system. The only thing that remains clear and undiluted about this county season is players' enthusiasm for sharing their problems with their public.

This is nothing new. Even without the grotesque strain of modern Test match tours one after another like cars in a traffic jam, and nose-to-tail one-day matches, county cricketers have always been good at sending off boredom by finding their job a bit much.

David Gower...style instead of sacrifice?

In the balmy days of *fin-de-siecle* cricket, Robert Peel, the Yorkshire slow left-arm bowler and prodigious thumper of the ball, found beer an indispensable comfort. In 1896 he shared with his captain, Lord Hawke, an eighth-wicket partnership of 292 not out against Warwickshire and celebrated the achievement with such abandon that he still had a hangover the next season. When he went out to play Middlesex at Sheffield, Lord Hawke sent him off for "going into the field when not in a condition to play." Local tradition has always maintained that his crime was bowling at the pavilion in the mistaken belief that it was a batsman.

Today, local cricket recitations and revelations in pubs take second place to players "coming clean" to newspapers and television about the pressures they endure. If all else fails, they can always plead that they are not up to the changes mentally or, as a trendy last resort, psychologically. Cricket psychology is indeed a strange thing. Only cricket would aim to liven up a three-day game by lengthening it to four. As the arrangement stands, it is under the overhanging threat that all the change will do is make boring play even more boring. Poor players. Poor, poor spectators.

There has not been this much time in county matches since the very early days when the length of games was subject to negotiation. Time has an unpredictable momentum of its own in cricket and it is possible, although unlikely, that four-day games will refute critics and give us in entertainment what they will surely fail to give us in excitement. After all, when Sussex played Somerset at Taunton in 1919, the two-day game was more than long enough for a result. With everyone in post-war high spirits, Sussex had plenty of time to get the one run they needed to win. Their last man, R. B. Heygate, was crippled with rheumatism and had to crawl to the wicket. To the unspeakable embarrassment of the Somerset captain, J. C. White, one of his team appealed against Heygate under the two-minute rule and the umpire had to give him out for taking too long to get to the wicket. He crawled back to the pavilion in agony.

Time makes anything possible. There is always room for optimism. More than that, there is need for it. You could not play or follow cricket in the English climate unless you were an optimist. There is a thought of inevitability about the introduction of four-day cricket, and the optimism that hopes it will be a bridge between the county and Test games. This last has become a favourite selection ground for international one-day players. All we need now is two-day games to close the gap between one- and three-day games or, better still, two- and six-day games alternately to keep everyone happy.

Rugby League/Nick Garnett

Over for t'Cup

Halifax and their Aussies, versus Wigan and their Kiwis, will give an Antipodean flavour to the big game

DAVID BROOK, the president of Halifax rugby league club who drives around in a Rolls-Royce, does a lot of talking when he recruits Australian players to the gritty Yorkshire town that clings like a limpet to a steep river valley in the Pennines. He has to.

"I go over to Australia, talk to their wives and girlfriends, and tell them what they are getting themselves into if they come to this rather dour place. It's the only way."

Halifax, coached by an Australian, have five Aussie players on their books. In the Challenge Cup final at Wembley next weekend, Wigan, the opposing team, have a New Zealand coach and five Kiwis in their pool. It could be one of the most Antipodean finals in history.

It is really anyone's guess what flashes across the minds of these sun-tanned southern hemisphere footballers as they trot regularly onto British rugby fields, doused in driving rain, ankle-deep in mud, and with the aroma of hot dogs wafting in from one of the rusting refreshment caravans. But they love Wembley.

Halifax, British production capital of Walnut Whips and with a nifty business in resurrecting decrepit carpet factories, shows what these players can do for a club on their uppers.

Four years ago, the Thrum Hall outfit were saved from oblivion by a £50,000 loan from the local authority. Chris Anderson, an Australian former Test back who was playing in England, was taken on as player/coach. Other Australians followed, many of them virtually unknown, some in the twilight of their careers. One was even brought out of premature retirement. Halifax have since won the first division championship and were last year's Wembley victors over St Helens.

The contracts of between £8,000 and £12,000 for a season offered to the Australians are hardly wallet-bulging, but on top of that come match payments and usually a complementary car. There are also free homes in Luddenden Foot, Todmorden and other local villages – not quite Bondi Beach but the fish and chips are good.

The vast majority of players at Halifax are British but the club's style of play is Australian. This, it must be said, is not a pretty thing to watch. Halifax have no body-swerving, defence-busting, hair-permed match-winner. They also employ a defence in the classic, grinding Australian "umbrella" mode.

The out-halves push up quickly against attacking opponents, stifling the opposing side's chances of moving the ball to their wings and forcing them into the arms of the heavy-limbed Halifax forwards. Ruthlessly effective, but as a pick-me-up it rivals a triple dose of Mogadon.

Over the other side of the Pennines, in a place which had unwanted fame heaped on it by George Orwell's discourse on the Depression, Graham Lowe has managed the Wigan side since 1986. Formerly the New Zealand national coach, Lowe says he has settled down well in the industrial town nestling on the edge of what was the Lancashire coalfield. He owns a small yacht on Lake Windermere.

Unlike Halifax, few players have to be talked into coming to Wigan. Alongside Leeds, they are the richest club in rugby league, with average match gates of 13,000. They became the unofficial world club champions this season after beating Manly, of Sydney. And with eight players in the Great Britain squad to tour Australia this summer, Wigan are the team every other club would like to bury.

In match programmes, Lowe has said some painful things about the development of rugby league in Britain. But the social morês in the UK and the attitude of the BBC get even more flack. "The snobbery really annoys me," Lowe says. "It is so blatant. League is looked upon as a second-class sport but it is not really like that in Australia and New Zealand. They (the two rugby codes) live side by side better than here."

Lowe coached Norths, a small Brisbane club, before coming to Wigan, and he is used to the American football-style television coverage of rugby league in Australia. "I think the BBC has a lot to answer for in restricting the development of the game. You have only got to watch the quality of the coverage they give." To be fair to the BBC, though, rugby league is the only club sport other than soccer that *Grandstand* shows live regularly on television.

Assuming he is fit, Wembley will again be a stage for Shaun Edwards, Wigan's 21-year-old stand-off. Captain of the English Schools' under-16 sides at both union and league, Edwards signed professional forms for the club on his 16th birthday for £35,000. He still lives with his mum and dad in a small terraced house in the town.

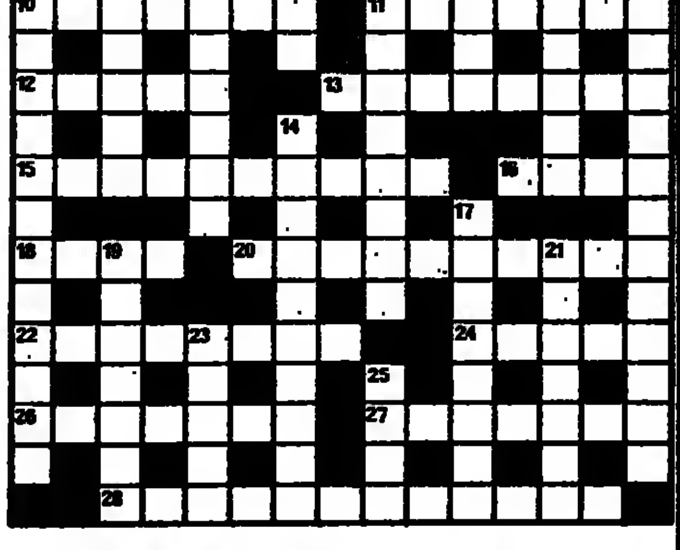
He, Andy Gregory – the shaven-haired scrap merchant who is the outstanding scrum-half in league football – and the sometimes-wayward black player Ellery Hanley are the trio who often win matches for the Central Park side.

Wigan have lost three times as many matches in the league championship this season than last year and have been short of the consistency that has given the title to Widnes. But they are a better side overall than Halifax.

FT CROSSWORD No.6,613

SET BY CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday May 4, marked Crossword 6,613 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday May 7.



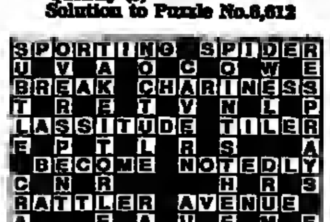
ACROSS

1 Complaint, if more than mere grumbling, demanding speedy removal (12)
10 Deserter, a half engaged man, gets liquor and biscuit (7)
11 Word for word translation of bed time by student (7)
12 Do with gin? (5)
13 Morning's broken in case he's forgotten (8)
15 Seabird gets it in battle for a revolutionary principle (10)
16, 18 Leave boat and prepare to shoot grouse (8)
20 I'm an enticement against returning with hesitation to St. Albans (10)
22 Flattened at intervals, far from detached (8)
24 Remove Mike from bright young thing with university grants? (5)
26 Left out word for "hand" in dictionary? (7)
27 Put life into cartoon form? (7)
28 With symmetrical arrangement of French park in London you need disinfectant (12)

DOWN

2 Flower turning up in tea (7)
3 Brought about 100 among decadent 500 (8)
4 Rising detectives in the cart (4)
5 I take to going in a palm tree, which is catastrophic (10)
6 Bird, male: small part (5)
7 Mass of metal among mineral deposits turned up in eruption (7)
8 Pleasure is a key to approval (13)
9 Got recent meal, possibly: something currently attractive? (13)
14 Hangings in church or stake for writer before help turns up (10)
17 Port for man with boards (8)
19 City, eccentric if French (7)
21 Awful din confining pig within hull (7)
23, 25 Hinder part of lock, subsequently (9)

Solution to Puzzle No.6,612



Solution and winners of Puzzle No.6,601

Mrs J.L. Hanscomb, London W8; Mr H.W. Herold, Sedlescombe, East Sussex; Mr R.D. Hooke, Willerby, Hull; Mrs I. Ingram, Llandrindod Wells, Powys; Miss Jeni MacLellan, Brussels, Belgium.

TELEVISION AND RADIO

SATURDAY

Indicates programme in black and white

BBC1

8:25 am Superted. 8:30 The Family-Ness. 8:35 The Muppet Babies. 9:00 On the Waterfront. [illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

... pionship Special from Caesars Palace, Las Vegas. 4:45 Results Service. 5:00 News from ITN. 5:05 LWT News. 5:15 Walt Disney Presents. 6:15 Winner Takes All. 5:45 Saturday Gang. 1:00 The Funny Side. 7:00 Catchphrase. 7:30 The Two of Us. 8:00 "Diamonds" starring Robert Shaw. [illegible]

... Chimbra, 10:30 Kate and Allie. 10:45 The Media Show. 11:20 After Dark.

IBA Regions as London except at the following times:

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

... 6:45 BBC Singers in Denmark. 7:10 The Imperialists: John Keay reflects on the ambitions and philosophy of Warren Hastings (1732-1818). 7:30 Wurttemberg Chamber Orchestra conducted by Jorg Faerber, with Anne-Sophie Mutter (violin): Haydn (Symphony No 87), Mozart (Violin Concerto No 3 K216), Respighi (Ancient Airs and Dances, Set 3), Mozart (Violin Concerto No 5 K219). 9:15 The Upstart Crow. 9:30 Duets, Canzonets and Lute Songs. 10:10 The Jazz Age: Antheil (A Jazz Symphony), Milhaud (La creation du monde). 10:35 Bracknell Jazz Festival: Jack de Johnette's Special Edition recorded at last summer's festival. 12:00-12:05 am News.

BBC RADIO 4

7:00 am Today. 8:58 News. 9:00 Sport on 4 with Cliff Morgan. 9:50 Breakaway. 10:00 News; Loose Ends. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The Hitch-Hiker's Guide to the Galaxy (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Second Edition. 2:47 Treasure Islands. 3:00 News; Worshipping the Ground (s). 3:30 Science on 4. 5:00 Turbulent Priests (1) Bruce Kent. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather.

6:00 News, including Sports Round-Up. 6:30 Citizens (s). 7:10 Stop the Week with Robert Robinson (s). 7:58 Saturday Night Theatre (s) 'The Unexpected Death of Jimmy Blizzard' by Robert Ellison. 9:00 Music in Mind (s). 9:58 Ten to Ten (s). 9:59 Weather. 10.00 News. 10:15 The Saturday Feature. 10:45 A Sideways Look at... by Anthony Smith. 11:00 The Cabaret Upstairs (s). 11:30 Unnatural Acts (s). 12:00-12:20 am News.

SUNDAY

Indicates programme in black and white

BBC1 [illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

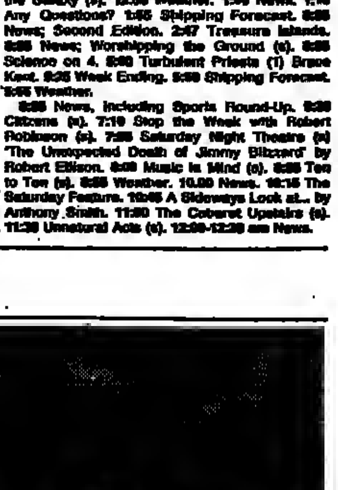
TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]



Film-maker Cindy Buxton with a Blue Duck, one of New Zealand's rarest birds, featured in ITV's The Survival Factor at 5pm on Sunday

BBC RADIO 4 [illegible]